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MARKETING & TRANSPORTATION Situation



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MARKET FACTS

Item	Unit or base period	1971				1972	
		Year	2nd Qtr.		4th Qtr.	1st Qtr.	2nd Qtr.
Farm-Retail Price Spreads: 1/	:	:	:	:	:	:	
Retail cost	Dol.	1,244	1,244	1,252	1,288	1,290	
Farm value	Dol.	477	474	484	509	513	
Farm-retail spread	Dol.	767	770	768	779	777	
Farmer's share of retail cost	Pct.	38	38	39	40	40	
Retail Prices: 2/	:	:	:	:	:	:	
All goods and services (CPI)	1967=100	121.3	120.8	122.7	123.7	124.7	
All food	1967=100	118.4	118.4	119.4	121.6	122.6	
Food at home	1967=100	116.4	116.6	117.2	119.8	120.5	
Food away from home	1967=100	126.1	125.3	128.2	129.0	130.4	
Wholesale Prices: 2/	:	:	:	:	:	:	
Food 3/	1967=100	115.5	115.9	116.6	119.7	119.4	
Cotton products	1967=100	110.6	109.8	112.8	118.1	121.5	
Woolen products	1967=100	93.4	93.8	92.1	92.1	--	
Agricultural Prices:	:	:	:	:	:	:	
Prices received by farmers	1967=100	112	112	114	121	122	
Prices paid by farmers, interest, taxes and wage rates	1967=100	120	120	121	124	125	
Prices of Marketing Inputs:	:	:	:	:	:	:	
Containers and packaging materials	1967=100	113	113	114	115	117	
Fuel, power, and light	1967=100	120	120	121	124	125	
Services 4/	1967=100	129	128	133	135	--	
Hourly Earnings:	:	:	:	:	:	:	
Food marketing employees 5/	Dol.	3.24	3.24	3.29	3.40	3.44	
Employees, private nonagricultural sector 2/	Dol.	3.43	3.40	3.49	3.55	3.61	
Farmers' Marketings and Income:	:	:	:	:	:	:	
Physical volume of farm marketings	1967=100	111	83	151	96	--	
Cash receipts from farm marketings 6/ ..	Bil. dol.	53.1	52.1	54.9	56.5	56.9	
Farmers' realized net income 6/	Bil. dol.	16.1	15.4	16.9	18.5	18.3	
Industrial Production: 7/	:	:	:	:	:	:	
Food	1967=100	114.9	114.7	115.7	116.9	118.3	
Textile mill products	1967=100	108.3	107.7	111.0	108.6	--	
Apparel products	1967=100	97.9	98.4	100.2	100.5	--	
Tobacco products	1967=100	97.7	96.4	96.8	102.6	--	
Retail Sales: 8/	:	:	:	:	:	:	
Food stores	Mil. dol.	89,239	22,341	22,388	22,772	--	
Eating and drinking places	Mil. dol.	31,131	7,696	8,055	8,273	--	
Apparel stores	Mil. dol.	20,804	5,217	5,248	5,240	--	
Consumers' Per Capita Income and Expenditures: 9/	:	:	:	:	:	:	
Disposable personal income	Dol.	3,596	3,592	3,650	3,699	3,748	
Expenditures for goods and services	Dol.	3,212	3,192	3,275	3,342	3,411	
Expenditures for food	Dol.	567	565	570	579	591	
Expenditures for food as percentage of disposable income	Pct.	15.8	15.7	15.6	15.7	15.8	

1/ For a market basket of farm foods. 2/ Dept. of Labor. 3/ Processed foods, eggs, and fresh and dried fruits and vegetables. 4/ Includes such items as rent, property insurance and maintenance, and telephone. 5/ Average hourly earnings of production workers in food processing, and nonsupervisory workers in wholesale and retail food trades, calculated from Dept. of Labor data. 6/ Quarterly data seasonally adjusted at annual rates. 7/ Seasonally adjusted, Board of Governors of Federal Reserve System. 8/ Quarterly data seasonally adjusted, Dept. of Commerce. 9/ Seasonally adjusted annual rates, calculated from Dept. of Commerce data. Percentages have been calculated from total income and expenditure data.

MARKETING AND TRANSPORTATION SITUATION

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SUMMARY

Retail food prices nudged higher in the second quarter of 1972 following a substantial rise in the first quarter. The retail cost of a market basket of foods produced on U.S. farms averaged \$1,290 (annual rate) in the second quarter—up 0.2 percent from the preceding quarter. Price movements during the second quarter were mixed—retail costs decreased in April, then rose moderately in May and sharply in June. Fresh fruit prices increased sharply, while egg prices dropped sharply, from the first quarter. Price movements for other products were relatively moderate over the quarter. However, higher prices for beef, pork, frying chickens, and fresh fruits and vegetables caused food costs to rise sharply in June. The retail cost of the market basket in the second quarter averaged 3.7 percent higher than a year earlier, 19 percent above 1967, and 32 percent above 20 years ago.

Gross returns to farmers (farm value of quantities of farm commodities equivalent to retail units) for market basket foods totaled \$513 (annual rate) in the second quarter—up 0.7 percent from the first quarter. Higher returns for meat animals and fresh fruits accounted for much of the rise. In contrast, returns for poultry and eggs dropped sharply. Total farm value increased substantially in May and June due mainly to rising prices for beef cattle and hogs. Compared with a year earlier, the farm value of market basket foods was up 8 percent in the second quarter with most of the increase coming from higher returns for meat animals. Farm value was 22 percent above 1967 but only 8 percent above 20 years ago. Farmers grossed an average of 40 cents of a dollar consumers spent for farm foods in the second quarter. This was about the same as the previous quarter but 2 cents more than a year earlier. The share increased to 41 cents in June.

The marketing spread—the difference between the retail cost and farm value—averaged \$777 in the second quarter of 1972, about the same as in the first quarter. Marketing spreads peaked in March, and then declined. Spreads narrowed because retail price rises lagged increases at the farm level. Second quarter marketing spreads were 1 percent below a year earlier. They averaged 17 percent above 1967 and 56 percent above 20 years ago.

In 1971 consumers spent \$111.1 billion for domestic farm foods, 4.9 percent more than in 1970. The increase was equally divided between higher food prices and a greater volume of food purchased.

The marketing bill—an estimate of the total cost of transporting, processing, and distributing farm food products—rose 5.9 percent to a total of \$75.3 billion in 1971. Labor costs, nearly half of the bill, rose 8 percent, reflecting a further rise in hourly earnings of employees and limited gain in output per man hour. Rail and truck transportation costs rose 15 percent to \$6.0 billion.

Before-tax profits that firms derived from marketing farm foods totaled \$4.4 billion, down slightly from 1970. Although sales increased, profits as a percent of sales declined.

Farmers received \$35.8 billion for farm food products in 1971, 2.9 percent more than 1970. This compares with increases of 3.3 percent in 1970 and 11 percent in 1969. The farm value of food products represented about a third of the amount consumers spent for these foods in 1971, and 4.8 percent of disposable personal income.

FARM-FOOD MARKET BASKET STATISTICS

Retail Cost: Consumers paid an average of \$1,290 (annual rate) in the second quarter of 1972 for a market basket of food produced on U.S. farms.¹ The 0.2 percent rise followed a substantial increase in the previous quarter (table 1), and a decrease in the 4th quarter of 1971. Retail cost increased in 5 out of the past 6 quarters.

Although fresh fruit prices increased sharply in the second quarter, most other increases were moderate. There were sharp reductions for eggs and slight reductions for poultry and fresh vegetables.

Retail prices for market basket foods varied widely during the first half of 1972. After rising to a record level in February, the retail cost of market basket foods decreased in March and April, but rose slightly in May and sharply in June (table 2). The June increase resulted from higher prices for beef, pork, frying chickens, and fresh fruits and vegetables.

The retail cost of market basket foods averaged 3.7 percent higher than a year earlier in the second quarter. Meat rose 11 percent, accounting for most of the rise in the market basket. Increases over the second quarter of 1971 were more moderate for many other market basket items. In contrast, prices for eggs in the second quarter were considerably below a year ago and fresh vegetables, poultry, and bakery and cereal products were down slightly.

Food prices have increased less than prices for most other goods and services purchased by consumers. Consumers paid 19 percent more for market basket foods in the second quarter of 1972 than in 1967, compared with an increase of 25 percent for all other items purchased, as measured by the Consumer Price Index (CPI). In the past 2 decades prices for market basket foods have risen 32 percent—about half as much as other items in the CPI.

Farm Value: Returns to farmers for foods in the market basket totaled \$513 (annual rate) in the second quarter, up 0.7 percent from the previous quarter. Higher returns for fresh fruits and meat animals accounted for most of the increase. In contrast, returns for poultry and eggs were down sharply. Sharply higher prices for beef cattle and hogs boosted returns sharply in both May and June.

Compared with a year earlier, second quarter returns to farmers for market basket foods averaged 8.1 percent higher, mainly reflecting much higher returns for meat animals. Farm values were up 47 percent for hogs and 8 percent for beef cattle. Returns were sharply lower than last year for eggs and moderately lower for fresh fruits and vegetables, poultry, and bakery and cereal products.

Farm value for market basket foods in the second quarter averaged 22 percent above 1967 but only 8 percent above the level of 1951.

Farm-Retail Spread: Because returns to farmers for market basket foods rose faster than retail prices, the farm-retail spread decreased in each month of the second quarter. Despite these decreases, the spread of \$777 in the second quarter was about the same as in the first quarter. Decreases in marketing spreads for meats, fresh vegetables, and fats and oil products were almost balanced by increases for most other market basket foods, particularly fresh fruits and dairy products.

The second quarter farm-retail spread was 1 percent higher than a year earlier. This small increase was distributed among spreads for all product groups except meats and bakery and cereal products, which decreased slightly. Widening marketing spreads accounted for less than a fifth of the rise in the retail cost of the market basket; increased returns to farmers accounted for more than 80 percent of the rise.

¹The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and single workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The retail cost of the market basket foods is less than the cost of all foods bought per household, since it does not include cost of meals in eating places, imported foods, seafoods or other foods not of farm origin. The *farm value* is the gross return to farmers for the farm products equivalent to foods in the market basket minus allowances for byproducts. It is based on prices at the first point of sale and may include marketing charges such as grading and packing for some commodities. The *farm-retail spread*—difference between the retail cost and farm value—is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket.

Table 1.--The market basket of farm foods by product group: Retail cost, farm value and farm-retail spread, second quarter 1972, with comparisons 1/

Item	II 1972	Change from:			
		Previous quarter		Year ago	
		Dollars	Dollars	Percent	Dollars
Retail cost					
Market basket	1290.27	2.75	0.2	45.96	3.7
Meat	413.56	2.04	.5	41.16	11.1
Dairy	227.80	.70	.3	3.94	1.8
Poultry	49.56	-.79	-1.6	-.36	-.7
Eggs	34.92	-2.14	-5.8	-1.95	-5.3
Bakery and cereal ...	191.51	.32	.2	-.80	-.4
Fresh fruits	56.33	3.29	6.2	.30	.5
Fresh vegetables	86.15	-1.15	-1.3	-1.82	-2.1
Processed fruits and vegetables	126.98	.25	.2	3.28	2.7
Fats and oils	45.22	-.19	-.4	1.05	2.4
Miscellaneous	58.24	.41	.7	1.16	2.0
Farm value					
Market basket	512.75	3.77	0.7	38.39	8.1
Meat	243.63	4.96	2.1	42.47	21.1
Dairy	107.58	-.25	-.2	2.09	2.0
Poultry	23.36	-1.03	-4.2	-.75	-3.1
Eggs	18.04	-2.41	-11.8	-2.87	-13.7
Bakery and cereal ...	30.02	.29	1.0	-.59	-.1.9
Fresh fruits	16.92	1.75	11.5	-.57	-3.3
Fresh vegetables	27.10	-.16	-.6	-2.23	-7.6
Processed fruits and vegetables	23.80	.36	1.5	.87	3.8
Fats and oils	13.58	.37	2.8	.29	2.2
Miscellaneous	8.72	-.11	-1.2	-.33	-3.6
Farm-retail spread					
Market basket	777.52	-1.02	-0.1	7.57	1.0
Meat	169.93	-2.92	-1.7	-1.31	-.8
Dairy	120.22	.95	.8	1.85	1.6
Poultry	26.20	.24	.9	.39	1.5
Eggs	16.88	.27	1.6	.92	5.8
Bakery and cereal ...	161.49	.03	2/	-.21	-.1
Fresh fruits	39.41	1.54	4.1	.87	2.3
Fresh vegetables	59.05	-.99	-1.6	.41	.7
Processed fruits and vegetables	103.18	-.11	-.1	2.41	2.4
Fats and oils	31.64	-.56	-1.7	.76	2.5
Miscellaneous	49.52	.52	1.1	1.49	3.1

1/ The market basket contains the average quantities of farm-originated foods purchased annually per household in 1960-61. Retail cost is calculated from U.S. average retail prices collected by the Bureau of Labor Statistics. Farm value is payment to farmer for equivalent quantities of farm products minus imputed value of byproducts obtained in processing. Quarterly data are annual rates. Additional data are shown in tables at the back of this report.

2/ Less than 0.05 percent.

Table 2.--The market basket of farm food: Retail cost, farm value, farm-retail spread, and farmer's share of the retail cost 1/

Year and quarter	Retail cost	Farm value	Farm retail spread	Farmer's share	Month	Retail cost	Farm value	Farm retail spread	Farmer's share
	Dollars	Dollars	Dollars	Percent		Dollars	Dollars	Dollars	Percent
Average:					1970				
1947-49 ...	895	448	447	50	January ..	1,226	501	725	41
1957-59 ...	989	397	592	40	February ..	1,229	507	722	41
:					March	1,224	499	725	41
1961	999	386	613	39	April	1,223	481	742	39
1962	1,009	395	614	39	May	1,227	479	748	39
1963	1,007	378	629	38	June	1,228	481	747	39
1964	1,009	377	632	37	July	1,240	495	745	40
1965	1,037	416	621	40	August ...	1,236	470	766	38
1966	1,092	445	647	41	September ..	1,226	473	753	39
1967	1,081	419	662	39	October ..	1,215	452	763	37
1968	1,119	441	678	39	November ..	1,201	438	763	36
1969	1,176	480	696	41	December ..	1,206	437	769	36
1970	1,223	476	747	39					
1971 2/	1,244	477	767	38	1971				
:					January ..	1,207	453	754	37
<u>1969</u>					February ..	1,218	475	743	39
I	1,138	458	680	40	March	1,226	475	751	39
II	1,166	486	680	42	April	1,237	472	765	38
III	1,200	489	711	41	May	1,241	474	767	38
IV	1,200	488	712	41	June	1,254	477	777	38
:					July	1,265	486	779	38
<u>1970</u>					August	1,265	486	779	38
I	1,226	502	724	41	September ..	1,250	472	778	38
II	1,226	480	746	39	October ..	1,244	476	768	38
III	1,234	479	755	39	November ..	1,247	484	763	39
IV	1,207	442	765	37	December ..	1,266	491	775	39
:									
<u>1971</u>					1972 2/				
I	1,217	467	750	38	January ..	1,274	511	763	40
II	1,244	474	770	38	February ..	1,297	515	782	40
III	1,260	482	778	38	March	1,292	501	791	39
IV	1,252	484	768	39	April	1,284	497	787	39
:					May	1,288	513	775	40
<u>1972</u>					June	1,299	528	771	41
I	1,288	509	779	40	July				
II	1,290	513	777	40	August				
III					September ..				
IV					October ..				
:					November ..				
:					December ..				

1/ The market basket contains the average quantities of domestic, farm-originated food products purchased annually per household in 1960 and 1961 by wage-earners and clerical worker families and workers living alone. Its retail cost is calculated from retail prices published by the Bureau of Labor Statistics. The farm value is the gross return to farmers for the farm products equivalent to foods in the market basket. The farm-retail spread--difference between the retail cost and farm value--is an estimate of the total gross margin received by marketing firms for assembling, processing, transporting, and distributing the products in the market basket. Quarterly and monthly data are annual rates. Additional historical data are published in Farm-Retail Spreads for Food Products, Misc. Pub. 741, January 1972. 2/ Preliminary.

Marketing spreads have increased 17 percent since 1967 and 56 percent since 1951.

Farmer's Share: Farmers received an average of 40 cents of a dollar spent by consumers in food stores for domestic farm foods, the same as in the previous quarter but 2 cents more than a year earlier. Rising farm prices boosted the farmer's share to 41 cents in June, 3 cents more than in June 1971.

In the past decade, the farmer's quarterly shares have ranged from 36 to 42 cents. Shares averaged below 40 cents for about two-thirds of the quarters. Shares exceeded 40 cents in only 6 quarters. Twenty years ago the farmer's share averaged 49 cents of the consumer's food dollar.

Regulated versus Nonregulated Farm Foods: Wage-price controls were imposed August 15, 1971, with initiation of a 90-day price freeze. The freeze was followed by Phase II regulations designed to control prices by regulating profits and margins of processors, wholesalers, and retailers. Phase II regulations initially covered all foods in the farm-food market basket except eggs and fresh fruits and vegetables. On June 29, 1972, these items also were included under Phase II. Prices received by farmers for food commodities are not controlled and are allowed to fluctuate.

Market basket foods were separated into items that were regulated and those that were not prior to June 29, 1972 (table 3). In June, the retail cost of regulated items averaged 3.5 percent higher than in August 1971 when the wage price-freeze was initiated. This rise resulted from substantially higher returns to farmers-mainly for meat animals. Farm-retail spreads decreased slightly. In contrast, the retail cost for nonregulated items decreased almost 2 percent from August to June reflecting lower returns to farmers and slightly wider farm-retail spreads.

Commodity Highlights

Beef: Despite increasing supplies of beef, strong consumer demand held second quarter beef prices near the record level of the previous quarter. Retail prices of Choice beef averaged 112.3 cents per pound in the second quarter, down 2.1 cents from the previous quarter (table 4). The farm value of Choice beef averaged 73.6 cents—only 0.1 cent lower than the first quarter. Thus, the farm-retail spread decreased 2 cents to 38.7 cents. Practically all of the decrease was in the carcass-retail segment (mainly the wholesaler-retailer margin) of the marketing spread.

Retail prices for Choice beef averaged 7.5 cents per pound higher than in second quarter 1971. The farm value was up 5.4 cents and the farm-retail margin 2.1 cents. The carcass-retail spread segment widened substantially but the farm-carcass component decreased slightly.

Cattle prices and wholesale prices of carcass beef rose sharply in May and June, exerting upward pressure on retail beef prices. In June, the farm value of Choice beef reached 77.5 cents and the carcass value rose to 85.1

cents—both 2½ cents above February's record. In contrast, the retail price averaged 113.5 cents—about 2½ cents below the February level. As a result the farm-retail spread for beef in June was almost 5 cents below February's 40.8 cents. All of this decrease was in the carcass-retail margin. Pressure from rising cattle and carcass beef prices will spill into the third quarter and will push retail beef prices higher.

Pork: Returns to farmers for hogs continued to strengthen in the second quarter as production remained well below the relatively high levels reached in the first half of 1971. The farm value of the quantity of live hog equivalent to a pound of pork sold at retail averaged 44.3 cents in the second quarter—up 0.5 cent from the previous quarter. The composite retail price of pork cuts averaged 79.9 cents in the second quarter—up 0.9 cent from the first quarter. The farm-retail spread increased 0.4 cent.

Changes in prices and margins were much greater when compared with year-ago levels. The farm value of pork was up 14.2 cents, 47 percent higher in second quarter 1972 than a year earlier. Retail prices were up 11.1 cents, 16 percent, and the farm-retail spread was down 3.1 cents, 8 percent below last year's high level. The carcass-retail spread was the same as a year ago, but the farm-carcass spread was significantly lower.

In May and June, farm-retail spreads dipped to their lowest level in more than 2 years because record prices for hogs were not fully reflected at retail. The net farm value for pork averaged 47.6 cents in June, up 2.6 cents from May. The retail price of pork cuts also rose 2.6 cents to 82.0 cents. As a result, the farm-retail spread for pork did not change in June, but it averaged 3.1 cents below June 1971. The farm-wholesale segment of the total spread accounted for all of the decrease in June from a year earlier. As with beef, rising farm and wholesale prices are expected to continue to exert an upward pressure on retail prices and margins in coming months.

Eggs: Egg prices at both farm and retail levels continued to decrease in the second quarter of 1972 as production remained above year-earlier levels. Grade A large eggs averaged 48.4 cents per dozen, down 3.0 cents from the previous quarter and 2.7 cents from a year earlier (table 5). Decreases at the farm level were even greater—3.4 cents from the previous quarter and 4 cents from the depressed prices of a year before. As a result the farm retail spread increased 0.4 cent from the previous quarter and 1.3 cents from a year earlier.

Fresh Fruits: Widening marketing margins and rising farm prices in the second quarter of this year contributed almost equally to the rise in retail cost for fresh fruits. In the second quarter the retail cost of the market basket's fresh fruit group was up about 6 percent from the first quarter, but averaged about the same as in the second quarter of last year. Second quarter marketing spreads were about 4 percent wider than the previous quarter and 2 percent wider than a year earlier. Although returns to farmers averaged 12 percent above

Table 3.--Retail cost, farm value, and farm-retail spreads of regulated and nonregulated foods in farm-food market basket, 1969-72 1/

	Retail cost	Total	Farm value	Total	Farm-retail spread
	market	Regulated	Nonregulated	market	Regulated : Nonregulated
	basket	basket	basket	basket	basket
Dollars					
1969	1175.92	1003.75	480.37	409.64	695.55
1970	1223.39	1046.86	476.03	408.29	747.36
1971	1244.21	1067.66	476.93	410.99	65.94
1972					
January	1207.16	1041.02	166.14	452.77	388.55
February	1218.33	1051.46	166.87	475.00	414.46
March	1226.00	1055.21	170.79	474.61	404.84
April	1237.08	1059.60	177.48	471.80	399.19
May	1241.39	1061.39	180.00	473.91	407.82
June	1254.45	1069.32	185.13	476.91	412.28
July	1265.13	1076.13	189.00	486.40	420.79
August	1264.99	1079.15	185.84	486.89	419.93
September	1249.90	1079.47	170.43	473.38	413.65
October	1243.99	1075.81	168.18	476.55	413.73
November	1247.02	1076.48	170.54	484.78	416.89
December	1266.43	1080.06	186.37	491.55	422.25
				69.30	69.30
				774.88	774.88
					657.81
					117.07
January	1273.72	1095.73	177.99	510.67	445.31
February	1297.20	1117.28	179.92	515.31	453.51
March	1291.64	1117.37	174.27	500.96	439.48
April	1283.88	1110.42	173.46	497.49	435.57
May	1287.94	1110.36	177.58	513.14	451.28
June	1298.99	1117.81	181.18	527.63	465.25

1/ Regulated foods include all market basket foods except eggs and fresh fruits and vegetables covered by U.S. Price Commission regulations prior to June 27, 1972.

Table 4.--Beef, pork, and lamb: Retail price, carcass value, farm value, farm-retail spread, and farmer's share of retail price, annual 1969-71, quarterly 1971-72

Date	Retail price per pound	Carcass value	Gross farm value	Byproduct allowance	Net farm value	Total	Farm-retail spread: Carcass-: Farm-: retail	Farm-: carcass : share
	1/	2/	3/	4/	5/			
Cents								
Beef, Choice grade								
1969								
1969	96.2	68.7	66.9	4.7	62.2	34.0	27.5	6.5
1970	98.6	68.3	66.3	4.8	61.5	37.1	30.3	6.8
1971	104.3	75.6	72.4	4.5	67.9	36.4	28.7	7.7
1971								
Jan.-Mar. ...:	100.2	72.8	69.1	4.2	64.9	35.3	27.4	7.9
Apr.-June ...:	104.8	76.3	72.8	4.6	68.2	36.6	28.5	8.1
July-Sept. ...:	105.4	76.1	73.1	4.5	68.6	36.8	29.3	7.5
Oct.-Dec. ...:	106.6	77.4	74.6	4.7	69.9	36.7	29.2	7.5
1972								
Jan.-Mar. ...:	114.4	81.4	79.4	5.7	73.7	40.7	33.0	7.7
Apr.-June ...:	112.3	81.2	80.6	7.0	73.6	38.7	31.1	7.6
1971								
Pork								
1969								
1969	74.3	58.5	45.5	3.2	42.3	32.0	15.8	16.2
1970	78.0	58.7	42.9	3.4	39.5	38.5	19.3	19.2
1971	70.3	52.1	35.0	2.7	32.3	38.0	18.2	19.8
1972								
Jan.-Mar. ...:	69.2	50.2	33.1	2.6	30.5	38.7	19.0	19.7
Apr.-June ...:	68.8	49.9	32.6	2.5	30.1	38.7	18.9	19.8
July-Sept. ...:	71.3	52.8	36.4	2.8	33.6	37.7	18.5	19.2
Oct.-Dec. ...:	71.9	55.4	38.0	2.7	35.3	36.6	16.5	18.8
1971								
Lamb, Choice grade								
1969								
1969	100.7	74.8	66.9	7.6	59.3	41.4	25.9	15.5
1970	105.5	73.8	65.1	6.4	58.7	46.8	31.7	15.1
1971	109.9	75.1	63.1	5.9	57.2	52.7	34.8	17.9
1972								
Jan.-Mar. ...:	79.0	61.3	47.1	3.3	43.8	35.2	17.7	17.5
Apr.-June ...:	79.9	61.0	47.7	3.4	44.3	35.6	18.9	16.7
July-Sept. ...:								
Oct.-Dec. ...:								

1/ Estimated weighted average price of retail cuts. 2/ For quantity equivalent to 1 lb. of retail cuts: Beef: 1.41 lb. of carcass beef; pork, 1.07 lb. of wholesale cuts; lamb, 1.18 lb. of carcass lamb. 3/ Payment to farmer for quantity of live animal equivalent to 1 lb. of retail cuts: Beef, 2.28 lb.; pork, 1.97 lb.; lamb, quantity varies by months from 2.42 lb. in May to 2.48 lb. in October. 4/ Portion of gross farm value attributed to edible and inedible byproducts. 5/ Gross farm value minus byproduct allowance.

the previous quarter, they averaged 3 percent below a year earlier.

Higher prices at both farm and retail levels for apples and grapefruit contributed most to the increase in the fresh fruit group. Apples were up about 12 percent at

both levels. In comparison, grapefruit prices rose 9 percent at retail and almost one-third at the farm level. Marketing spreads widened significantly for apples but only slightly for grapefruit. Prices as well as spreads decreased for oranges in the second quarter.

Table 5.--Changes in retail price, farm value, and farm-retail spread for selected market basket foods, second quarter 1972

Item	II 1972			II 1972		
	Change from: Previous : quarter :		Year ago	Change from: Previous : quarter :		Year ago
	Cents	Percent	Percent	Cents	Percent	Percent
	Butter, pound			Cheese, American, $\frac{1}{2}$ pound		
Retail price	87.1	-0.5	-0.6	54.1	0.9	2.7
Farm value	58.5	-1.2	.5	23.7	-.4	3.5
Farm-retail spread	28.6	1.1	-2.7	30.4	2.0	2.0
	Milk, sold in stores, $\frac{1}{2}$ gallon			Chicken, frying, pound		
Retail price	60.0	0.3	1.7	40.7	-1.7	-1.0
Farm value	30.1	.3	1.7	19.0	-4.5	-3.6
Farm-retail spread	29.9	.3	1.7	21.7	.9	1.4
	Eggs, large grade A, dozen			Corn flakes, 12 ounces		
Retail price	48.4	5.8	-5.3	31.3	-1.3	-8.7
Farm value	25.0	-12.0	-13.8	2.0	5.3	-20.0
Farm-retail spread	23.4	1.7	5.9	29.3	-1.7	-7.9
	Apples, pound			Oranges, dozen		
Retail price	24.8	11.7	3.3	89.9	-2.2	-0.8
Farm value	7.9	12.9	12.9	19.6	-2.0	-19.7
Farm-retail spread	16.9	11.2	-.6	70.3	-2.2	6.2
	Lettuce, head			Tomatoes, pound		
Retail price	31.5	-12.0	-1.9	49.5	6.0	-1.4
Farm value	9.6	-28.9	7.9	18.1	29.3	-7.2
Farm-retail spread	21.9	-1.8	-5.6	31.4	-4.0	2.3
	Orange juice, frozen, 6 oz. can			Margarine, pound		
Retail price	25.0	.0	11.1	33.3	0.3	2.1
Farm value	10.7	12.6	55.1	10.1	4.1	2.0
Farm-retail spread	14.3	-7.7	-8.3	23.2	-1.3	2.2
	Potatoes, 10 pounds			Peas, frozen, 10 ounces		
Retail price	85.6	2.4	-3.9	22.4	0.9	1.4
Farm value	21.3	11.5	-9.0	3.6	.0	-2.7
Farm-retail spread	64.3	-.3	-2.1	18.8	1.1	2.2

1/ Data for additional foods are shown in tables at back of this report.

Table 6.--White pan bread: Estimated retail and wholesale price of a 1-pound loaf; retailer's, wholesaler's, miller's and other spreads; farm value of ingredients; flour and wheat prices and related data, April-June 1972 and previous 4 quarters

Item	Unit	1971				1972			
		II	III	IV	I	April	May	June	II
Retail price <u>1/</u>	Cents per loaf	24.8	25.0	24.5	24.7	24.6	24.7	24.7	24.7
Retail spread <u>2/</u>	do.	5.5	5.6	5.1	4.6	4.6	4.5	4.5	4.7
Wholesale price <u>3/</u>	do.	19.3	19.4	19.4	19.9	19.9	20.0	20.2	20.0
Baker-wholesaler spread <u>4/</u>	do.	13.5	13.6	13.6	14.0	13.9	13.9	14.2	14.0
Cost to baker:									
All ingredients <u>5/</u>	do.	5.8	5.8	5.8	5.9	6.0	6.1	6.0	6.0
Flour <u>6/</u>	do.	3.9	3.8	3.8	3.8	3.9	3.9	3.8	3.9
Mill sales value of flour <u>6/</u>	do.	3.6	3.5	3.5	3.5	3.6	3.5	3.5	3.5
Miller's flour spread <u>7/</u>	do.	.6	.6	.6	.6	.7	.5	.5	.6
Cost of wheat to miller <u>8/</u>	do.	3.0	2.9	2.9	2.9	2.9	3.0	3.0	2.9
Other spreads <u>9/</u>	do.	1.6	1.7	1.7	1.8	1.7	2.0	1.9	1.8
Farm value:									
All ingredients <u>10/</u>	do.	3.6	3.5	3.5	3.6	3.6	3.6	3.6	3.6
Wheat <u>11/</u>	do.	2.7	2.6	2.6	2.6	2.6	2.6	2.6	2.6
Flour prices: <u>12/</u>	Dol. per cwt.	5.72	5.58	5.55	5.53	5.67	5.56	5.49	5.57
F.O.b. mill:	do.	6.17	6.05	6.01	6.03	6.13	6.09	5.95	6.06
Delivered to bakers...									
Flour sales: <u>12/</u>	Percent	21	19	16	16	29	21	13	21
Sold in bags...	Percent	15	15	15	15	15	15	15	15
Price differential for bags...	Cents per cwt.								
Wheat prices:									
Farm delivery point <u>13/</u>	Dol. per bu.	1.38	1.26	1.30	1.32	1.33	1.34	1.33	1.33
Delivered to millers <u>14/</u>	do.	2.44	2.31	2.36	2.33	2.34	2.37	2.33	2.35
	:	:	:	:	:	:	:	:	:

1/ Based on prices reported by Bureau of Labor Statistics. 2/ Spread between retail and wholesale prices. 3/ Estimated from BLS prices and trade data. 4/ Spread between wholesale price and cost to baker of all ingredients. 5/ Cost of flour plus shortening, nonfat dry milk, sugar and other minor nonfarm produced ingredients. 6/ Cost or sales value of flour (.06329 lb.) used per pound of bread. 7/ Spread between mill sales value of flour and cost of wheat to miller. The data sources used to compute this spread have been improved by using prices of bread-type flour shown below. Thus, figures for the miller's spread are not comparable to previously published data. 8/ Cost of wheat (.01445 bu.) including marketing certificate, net of imputed cost chargeable to millfeed byproducts. 9/ Charges for transporting, handling, storing all ingredients, for processing ingredients other than flour and cost of nonfarm produced ingredients such as yeast, salt, and malt extract. This spread is a residual figure. 10/ Returns to farmers for wheat including an allowance for the marketing certificate, shortening, nonfat dry milk, and sugar used in a 1-pound loaf. 11/ Returns to farmers for wheat, including the certificate, less imputed value of millfeed byproducts. 12/ Based on monthly sales and prices of bread-type flour reported by a sample of flour milling firms. 13/ Weighted average for hard winter and spring wheat in the 10 major wheat producing States. 14/ Includes allowance for marketing certificate.

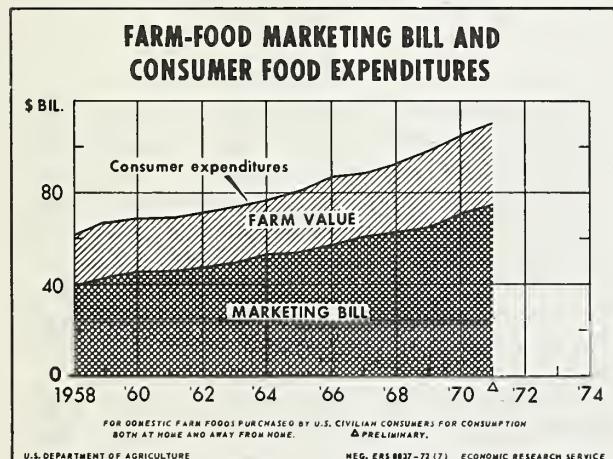
THE BILL FOR MARKETING FARM-FOOD PRODUCTS

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ABSTRACT: *The marketing bill—an estimate of all costs and profits incurred in transporting, processing, and distributing farm food products—totaled \$75.3 billion in 1971, up 5.9 percent over 1970. Among major cost components, labor costs accounted for almost half of the bill, packaging materials, 12 percent and transportation, 8 percent. Corporate firms derived \$4.4 billion before tax profits from marketing farm foods in 1971, about 6 percent of the bill. Increased prices of marketing services accounted for 46 percent of the increased marketing bill, and increased volume of products marketed also accounted for 46 percent, with additional service making up the rest. Consumer food expenditures were up 4.9 percent to \$111.1 billion in 1971. Farmers received \$35.8 billion for farm food products, 2.9 percent more than in 1970. Data for the marketing bill were revised for 1959-1971 due to recent benchmarking.*

Keywords: Marketing bill, food costs, farm value, food expenditures

The marketing bill is an estimate of the total cost of transporting, processing, and distributing U.S. farm-originated foods purchased by civilian consumers. It is the difference between consumer expenditures and farm value (fig. 1). The marketing bill statistics show the distribution of consumer expenditures between the marketing system and farmers, and distribution of marketing costs among commodity groups and individual cost components such as labor.



This article presents the consumer expenditures, farm value, and marketing bill for U.S. farm foods. Data are analyzed by commodity groups, factors affecting the rise in the bill, and cost components. In addition this article presents for the first time, data on the breakdown of the marketing bill into the portion attributed to food

consumed at home versus food eaten away from home. Agency bill figures (retailers, wholesalers, processors) from the 1963 and 1967 benchmark are presented.

Marketing Bill Revisions

The marketing bill statistics have been revised for 1959 through 1971. Historical data prior to 1958 are unchanged. Revisions were based on benchmark estimates for census years 1963 and 1967 made by the commodity flow method.¹ Estimates of the marketing bill made by the commodity flow method rely heavily on the Censuses of Manufacturers and Business, and Department of Commerce input-output data. The 1967 input-output data are not available, so 1967 benchmark estimates are preliminary.

The marketing bill was benchmarked at \$49.9 billion in 1963 and at \$60.4 billion in 1967. The new 1963 benchmark is about 2 percent larger than the previous estimate due to adjustments in quantities of meat and miscellaneous products, revision in marketing costs for away from home eating, and shifts in commodity mix. These revisions increased farm value as well as consumer expenditures. Farm value was revised up about 6 percent to \$24.1 billion and consumer expenditures about 3½ percent to \$74.0 billion. Using 1963 and 1967 as benchmarks, annual estimates of marketing bill data were revised for 1959-71.

¹ For further information see, "Major Statistical Series of the U.S. Department of Agriculture. How They are Constructed and Used," Volume 4. Agricultural Marketing Costs and Charges, Agriculture Handbook No. 365, U.S. Dept. Agriculture.

Consumer Expenditures

In 1971 civilian consumers spent \$111.1 billion on food originating on U.S. farms, 4.9 percent more than in 1970 (table 7). The increase in expenditures consisted of an increase of \$1.0 billion in farm value and a \$4.2 billion increase in the marketing bill. Included in the total are expenditures for food in retail stores, food purchased in restaurants and other away from home eating establishments, and the value of food served by schools, hospitals, and other institutions.

Consumer expenditures for meat products rose 3.6 percent in 1971, slightly less than the rise in total food expenditures. Plentiful supplies of pork in the first half of 1971 coupled with increased demand and rising beef prices accounted for the \$1.1 billion increase in meat expenditures (table 8). Average prices for the meat product group averaged slightly lower in 1971 than in 1970 due to lower pork prices. Per capita consumption for pork products jumped 10 percent from about 66 pounds to 73 pounds with much of the increase in the first half of the year. Per capita consumption of beef declined 1 percent from 1970.

Fruits and vegetables made the largest contribution to the increase in consumer expenditures for U.S. farm foods in 1971. Unlike meat, price was the significant factor in pushing up consumer expenditures for fruits and vegetables. Retail prices in 1971 for fruits and vegetables increased 4.6 percent over 1970 while the volume marketed increased less than 1 percent.

Bakery-product expenditures increased 15 percent in 1971, nearly as large as fruits and vegetables, as prices increased nearly 4 percent. Bakery products have shown a significant upward trend in expenditures for several years. The 1963 benchmark and other data suggest a continuing shift from home prepared baked goods to more commercially prepared bakery products. This shift has been reflected in the declining rate of growth of retail grain-mill product sales since 1958. Rising incomes and increased demand have contributed to the shift from grain mill products to more convenient prepared foods and to a significant increase in bakery product expenditures.

Dairy product expenditures amounted to \$16.8 billion in 1971, up 3 percent from 1970. Volume changed little, and price increases for dairy products were less than the average for all grocery store foods.

Miscellaneous products, about 14 percent of all food expenditures, showed a moderate increase in 1971 to \$15.3 billion. Fats and oil products, sugar, soft drinks, and other food combinations comprise this group.

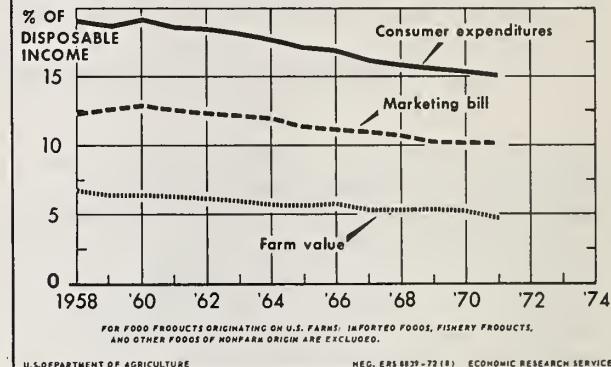
Consumer expenditures for poultry and eggs declined \$300 million, or over 3 percent, in 1971. Lower retail egg and turkey prices more than offset a slight increase in marketings of poultry and eggs. Broiler prices at retail increased slightly in 1971.

Food Expenditures and Disposable Income: Food expenditures as a proportion of disposable income dropped in 1971 as income grew at a faster pace.

Expenditures for all foods—U.S. farm foods, imported foods, and seafoods—accounted for 15.8 percent of the Nation's disposable income (table 9) in 1971, down from 16.6 percent in 1970. Since the percentage is based on aggregate data for the entire country, it may differ considerably from that of the average family. The drop in the proportion of income spent for all food last year was the largest since 1966-67.

Expenditures for U.S. farm foods accounted for 14.9 cents of each dollar of personal disposable income in 1971, compared with 15.4 percent in 1970. The marketing bill share decreased slightly to 10.1 percent. Farm value of U.S. farm foods amounted to less than a nickel of every dollar of disposable income. Since 1967, the drop in consumer food expenditures as a proportion of disposable income has been shared almost equally between farm value and the marketing bill (fig. 2).

CONSUMER FOOD EXPENDITURES, MARKETING BILL, AND FARM VALUE AS A PROPORTION OF DISPOSABLE INCOME



Farm Value

Farmers received \$35.8 billion for farm products equivalent to foods purchased by U.S. consumers in 1971, up 2.9 percent from 1970. This increase accounted for about one-fifth of the increase in consumer expenditures for these foods in 1971. The miscellaneous product group accounted for half of the increase in total farm value, largely due to higher returns for oilseeds and sugar. Among other product groups, farmers received higher returns for fruits and vegetables, meat, and bakery products.

Nearly all the rise in farm value was due to a larger quantity of marketings rather than to higher prices received. The volume index of farm food products rose 2.7 percent in 1971, due mainly to increases in pork and poultry marketings while the farm value of the market basket, a measure of prices received for food products, showed practically no change.

Farm values of dairy products and grain mill products changed little in 1971. Sharply lower farm prices for eggs and turkeys more than offset increases in volume marketed, lowering the farm value of poultry \$180

Table 7.--Marketing bill, farm value, and consumer expenditures for domestic farm-food products bought by civilians, 1947-71

Year	Civilian			Year	Civilian		
	expenditures for marketing farm foods	Total bill	Farm value		expenditures for marketing farm foods	Total bill	Farm value
	1/	2/		1/	2/		
:----- <u>Billion dollars</u> -----							
:-----							
1947	41.9	22.6	19.3	1960	66.9	44.6	22.3
1948	44.8	24.9	19.9	1961	68.7	45.7	23.0
1949	43.4	26.0	17.4	1962	71.3	47.6	23.7
1950	44.0	26.0	18.0	1963	74.0	49.9	24.1
1951	49.2	28.7	20.5	1964	77.5	52.6	24.9
1952	50.9	30.5	20.4	1965	81.1	54.0	27.1
1953	51.0	31.5	19.5	1966	86.9	57.1	29.8
1954	51.1	32.3	18.8	1967	89.2	60.4	28.8
1955	53.1	34.4	18.7	1968	93.9	63.5	30.4
1956	55.5	36.3	19.2	1969	98.8	65.1	33.7
1957	58.3	37.9	20.4	1970	105.9	71.1	34.8
1958	61.0	39.6	21.4	1971 3/ ..	111.1	75.3	35.8
1959	63.6	42.4	21.2				
	1/	2/		1/	2/		

1/ Consumer expenditures for domestic farm-food products; excluded are expenditures for imported foods, fish and other foods not originating on U.S. farms, alcoholic beverages, food consumed on farms where produced, and military food purchases. Foods are valued at retail store prices except food sold in the form of meals and those sold at less than retail prices which are valued at the point of sale.

2/ The farm value is the gross return to farmers for products equivalent to those sold to consumers. Values of inedible byproducts, nonfood products, and exports are not included.

3/ Preliminary. (Beginning with 1960, estimates are for 50 States.)

Table 8.—The total marketing bill, farm value, and consumer expenditures by commodity group, for domestic farm food products bought by civilians, United States, 1958-71

	All farm foods	Meat products	Dairy products	Poultry and eggs
Expenditures	Farm value	Marketing bill	Farm value	Marketing bill
tires	bill	tires	tires	tires
Million dollars				
1958	60,993	21,445	39,548	17,468
1959	63,619	21,216	42,408	18,093
1960	66,880	22,315	44,565	18,588
1961	68,673	23,000	45,674	18,941
1962	71,318	23,662	47,656	19,703
1963	74,044	24,149	49,895	20,439
1964	77,503	24,872	52,631	21,418
1965	81,114	27,113	54,001	22,406
1966	86,923	29,767	57,156	25,096
1967	89,230	28,819	60,411	25,785
1968	93,879	30,412	63,467	26,914
1969	98,799	33,668	65,131	28,850
1970	105,880	34,774	71,106	31,351
1971 2/	111,077	35,785	75,292	32,478
Fruits and vegetables				
1958	12,950	3,085	9,865	2,642
1959	13,693	3,366	10,327	2,567
1960	14,673	3,497	11,176	2,565
1961	15,014	3,589	11,425	2,548
1962	15,785	3,596	12,189	2,555
1963	16,154	3,687	12,467	2,575
1964	17,084	4,179	12,905	2,780
1965	17,782	4,520	13,262	3,045
1966	18,585	4,469	14,116	3,031
1967	19,290	4,492	14,798	3,258
1968	20,543	4,925	15,618	3,157
1969	20,718	5,160	15,558	3,247
1970	21,800	5,033	16,767	3,259
1971 2/	23,381	5,334	18,047	3,237
Grain mill products				
1958	12,950	3,085	9,865	2,642
1959	13,693	3,366	10,327	2,567
1960	14,673	3,497	11,176	2,565
1961	15,014	3,589	11,425	2,548
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1970	21,800	5,033	16,767	3,259
1971 2/	23,381	5,334	18,047	3,237
Bakery products				
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1959	13,693	3,366	10,327	2,567
1960	14,673	3,497	11,176	2,565
1961	15,014	3,589	11,425	2,548
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Miscellaneous				
1958	12,950	3,085	9,865	2,642
1959	13,693	3,366	10,327	2,567
1960	14,673	3,497	11,176	2,565
1961	15,014	3,589	11,425	2,548
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1969	20,718	5,160	15,558	3,247
1970	21,800	5,033	16,767	3,259
1971 2/	23,381	5,334	18,047	3,237

1/ Farm value of bakery products group includes farm values of flour, milk, eggs, fruit, lard, vegetable shortening, and sugar used in bakery products. Farm values of these ingredients are not included in farm values of other product groups. 2/ Preliminary. (Beginning with 1960, estimates are for 50 States. Data for 1947-57 are published in MTS-174, August 1969)

Table 9.--Consumer food expenditures, marketing bill, and farm value as a proportion of disposable income, 1958-71

Year	Disposable personal income	U.S. farm foods			Consumer expenditures for all foods 1/
		Consumer expenditures	Marketing bill	Farm value	
<u>Billion dollars</u>					
1958 ...:	318.8	61.0	39.6	21.4	66.6
1959 ...:	337.3	63.6	42.4	21.2	68.4
1960 ...:	350.0	66.9	44.6	22.3	70.1
1961 ...:	364.4	68.7	45.7	23.0	72.1
1962 ...:	385.3	71.3	47.6	23.7	74.4
1963 ...:	404.6	74.0	49.9	24.1	76.5
1964 ...:	438.1	77.5	52.6	24.9	80.5
1965 ...:	473.2	81.1	54.0	27.1	85.8
1966 ...:	511.9	86.9	57.1	29.8	92.0
1967 ...:	546.3	89.2	60.4	28.8	93.9
1968 ...:	591.2	93.9	63.5	30.4	99.6
1969 ...:	634.4	98.8	65.1	33.7	104.1
1970 ...:	689.5	105.9	71.1	34.8	114.2
1971 ...:	744.4	111.1	75.3	35.8	117.3
<u>Percent of personal disposable income</u>					
1958 ...:	---	19.1	12.4	6.7	21.1
1959 ...:	---	18.9	12.6	6.3	20.3
1960 ...:	---	19.1	12.7	6.4	20.0
1961 ...:	---	18.8	12.5	6.3	19.8
1962 ...:	---	18.5	12.4	6.1	19.3
1963 ...:	---	18.3	12.3	6.0	18.9
1964 ...:	---	17.7	12.0	5.7	18.4
1965 ...:	---	17.1	11.4	5.7	18.1
1966 ...:	---	17.0	11.2	5.8	18.0
1967 ...:	---	16.3	11.0	5.3	17.2
1968 ...:	---	15.9	10.8	5.1	16.8
1969 ...:	---	15.6	10.3	5.3	16.4
1970 ...:	---	15.4	10.3	5.1	16.6
1971 ...:	---	14.9	10.1	4.8	15.8

1/ Department of Commerce, Office of Business Economics. These estimates of food expenditures differ in several aspects from ERS estimates of expenditures for farm foods. The OBE estimates of all food include, but the ERS estimates exclude, the value of imported foods, seafoods, food furnished military personnel, and food consumed on farms where produced. However, the OBE estimates exclude, but ERS estimates include, the value of food furnished hospital patients, students in boarding schools, and inmates of institutions, food furnished by Government agencies to schools and needy persons, food purchased as a business expense, and the value of food served by airlines to their passengers.

million for 1971. With broiler prices only slightly higher than in 1970, an increase in farm marketings was the main factor increasing total farm broiler value in 1971.

The farmer's share of consumer expenditures slipped from 32.8 percent in 1970 to 32.2 percent for 1971. The farmer's share of the dairy-product dollar dropped the most of any commodity. Miscellaneous and grain mill products were the only 2 commodity groups to increase their farmer's shares. Poultry and eggs received the largest farmer's share of all the groups. Crop products received far less of the consumer dollar than any of the animal product groups.

Marketing Bill

The bill for marketing farm food products, the difference between consumer expenditures and farm value, amounted to \$75.3 billion in 1971, 5.9 percent more than in 1970, but considerably below 1970's annual increase of 9.2 percent. The bill increase has averaged 5.1 percent annually for the past 10 years.

The marketing bill for 5 commodity groups increased while 2 groups, poultry and grain mill products, declined. The marketing bill for bakery products rose the most—15.4 percent. The fruits and vegetables bill gained 7.6 percent, meat, 5.5 percent, and dairy products, 5.0 percent. The bill for miscellaneous products rose only 2.5 percent.

Meat products had the largest marketing bill among the commodity groups, \$18.2 billion (fig. 3). However the fruits and vegetables marketing bill gained sharply from 1970 to a very close second place. Together meat and fruits and vegetables accounted for almost half of the total marketing bill. Miscellaneous, dairy products, and bakery products each accounted for around one-seventh of the bill. Poultry and grain mill products made up the rest.

Factors Behind Marketing Bill Increase: The increase in the overall marketing bill can be attributed to increases in prices of performing marketing services, growth in volume of food marketed, and more

marketing services. Price effects reflect increase in prices of marketing inputs such as labor and packaging materials. Volume is influenced by growth in population and changes in per capita consumption. Increased marketing services involve the use of more highly prepared food such as convenience foods, and more eating out.

Increased costs of marketing services accounted for 46 percent of the \$4.2 billion increase in the 1971 bill. The average cost of marketing services, as measured by the farm-retail spread for farm foods, increased 2.7 percent from 1970 to 1971, due mainly to increases in marketing spreads for fruits and vegetables, bakery products, and meat.

Added volume also contributed 46 percent of the marketing bill increase. Volume and the unit cost of marketing services usually account for most of the increase in the bill.

Increased marketing services were responsible for 8 percent of the bill increase, slightly greater than recent years. The recovery of the economy in 1971 from the recessionary low of 1970 had a greater impact on away from home eating than on the at-home market. Because of the greater amount of services needed for away from home eating, it offset a trend to less services associated with growth of discount food stores in the at-home market.

The trend for services shows that they are quite responsive to periods of rapid economic growth. Services increased very little during the late 1950's and early 1960's. The mid-1960's was the period of greatest growth in services.

Cost Components of the Marketing Bill

Labor: Labor cost for marketing domestic farm food products, nearly half of the marketing bill, totaled \$34.5 billion in 1971, up 7.8 percent from 1970 (table 10). This increase reflected both higher wages of food marketing employees and more man-hours worked. Labor costs incurred by processors, wholesalers, retailers, and away from home eating establishments increased at an annual rate of 6.2 percent over the last decade. Labor employed in food retailing and away from home eating establishments accounted for slightly over half of total labor costs, and labor in food processing about a third. The remaining labor cost was for wholesaling.

Labor cost includes wages and salaries of employees, wage supplements such as Social Security taxes, and tips received by foodservice employees. Labor cost accounted for 46 percent of the marketing bill in 1971, compared with 45 percent in 1970, and 41 percent a decade ago (fig. 4).

The increase in labor cost in 1971 came from increases in both hourly labor costs and total manhours. Hourly labor costs in food marketing increased nearly 5 percent from 1970 to 1971. This increase was below the

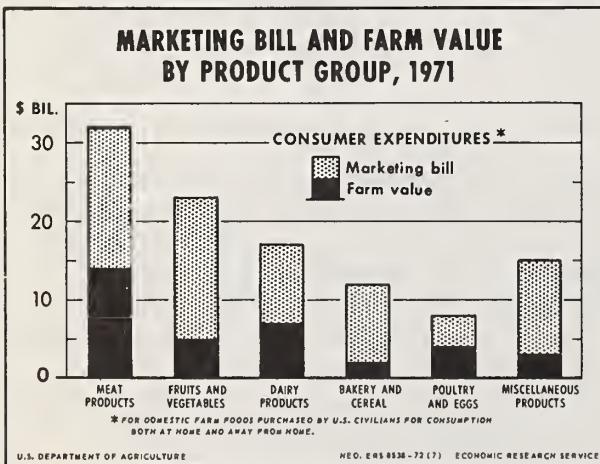
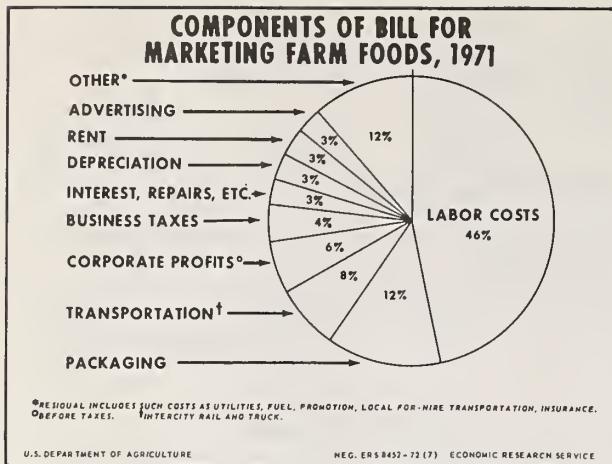


Table 10.--Cost components of the marketing bill for farm-foods, 1959-71

Year	Labor	Packaging	Rail and truck transportation	Corporate profits	Business taxes	
	<u>1/</u>	materials	<u>2/</u>	Before taxes	After taxes	<u>3/</u>
<u>Billion dollars</u>						
:						
1959 ...	17.8	5.5	4.0	2.0	0.9	1.2
1960 ...	18.7	5.4	4.1	2.1	.9	1.3
1961 ...	18.4	5.8	4.2	2.3	1.1	1.4
1962 ...	19.4	6.1	4.1	2.3	1.1	1.6
1963 ...	20.3	5.9	4.2	2.5	1.2	1.7
1964 ...	21.1	6.0	4.3	3.0	1.5	1.8
1965 ...	22.4	6.2	4.2	3.3	1.8	2.1
1966 ...	23.7	6.8	4.2	3.8	2.0	2.2
1967 ...	25.1	7.2	4.3	3.9	2.0	2.3
1968 ...	27.3	7.8	4.5	4.0	2.0	2.6
1969 ...	29.3	8.0	4.6	4.4	2.1	2.6
1970 ...	32.0	8.5	5.2	4.5	2.1	2.9
1971 <u>5/</u>	34.5	8.9	6.0	4.4	2.2	3.0
:						
<u>Billion dollars</u>						
:						
Depreciation (net)		Rent (net)	Advertising contributions	Bad debts, interest (net)	Other 4/	Total
:						
:						
<u>Billion dollars</u>						
:						
1959 ...	1.4	1.1	1.2	0.7	0.2	7.3
1960 ...	1.5	1.1	1.3	.7	.2	8.2
1961 ...	1.6	1.2	1.4	.8	.3	8.3
1962 ...	1.8	1.4	1.6	.8	.3	8.2
1963 ...	1.8	1.4	1.7	.9	.3	9.2
1964 ...	1.9	1.5	1.7	1.0	.3	10.0
1965 ...	2.0	1.6	1.9	1.1	.4	8.8
1966 ...	2.2	1.8	2.0	1.1	.4	8.9
1967 ...	2.2	1.8	2.0	1.1	.6	9.9
1968 ...	2.1	2.0	1.8	1.2	.8	9.4
1969 ...	2.2	2.1	1.9	1.3	.9	7.8
1970 ...	2.3	2.2	2.1	1.4	.9	9.1
1971 ...	2.4	2.3	2.2	1.5	.9	9.2
:						

1/ Includes supplements to wages and salaries such as social security and unemployment insurance taxes and health insurance premiums; also includes imputed earnings of proprietors, partners, and family workers not receiving stated remuneration. 2/ Includes charges for heating and refrigeration; does not include local hauling. 3/ Includes property, social security, unemployment insurance, State income, and franchise taxes, license fees, etc., but does not include Federal income tax. 4/ Includes food service in schools, colleges, hospitals, and other institutions; utilities, fuel, promotion, local for-hire transportation, water transportation and insurance. 5/ Preliminary.



average increase of 6.4 percent over the previous 5 years (table 11). It also was less than the 5.5-percent guideline established by the wage board in late 1971.

Unit labor costs rose 3.4 percent in 1971, a slight improvement over the 4.4-percent increase in 1970 and considerably below the 6-percent increase of the late 1960's when productivity gains slackened. Increase in output per man-hour in food marketing in 1971 was lower than the 3.0-percent general guideline used by the wage board in setting the 5.5-percent average wage increase guideline for the economy. However, about one-third of the 1971 increase in hourly labor costs was offset by increased productivity.

Employment in food marketing has gone up gradually during the past decade, as a result of increases in the volume of food handled by the marketing system and increases in services per unit of product. The farm food marketing system employed 5.4 million workers in 1971, slightly more than in 1970.

Packaging: In 1971, food marketing firms spent \$8.9 billion for containers and packaging materials, up \$400 million, or about 5 percent, from 1970.

Prices of most food packaging materials rose substantially during 1971, accounting for most of the increase in food packaging and container costs. Price increases for packaging materials have been a factor in farm-food price increases at retail. Price increases were influenced by labor contracts signed during 1970. Prices of glass containers increased 10-11 percent in 1971 and metal containers, 8-9 percent. Prices of paper products rose from 3-5 percent, except for grocery bags, which decreased 11 percent.

The proportion of paper, metal, and glass containers and packaging materials used in food marketing changed little from 1970 to 1971. Manufacturer's shipments of wooden containers and textile products to food manufacturers declined. Shipments of plastic for packaging foods increased slightly in 1971.

Food packaging costs are one-fourth of manufacturer's selling prices according to *Modern Packaging* magazine. Packaging costs shown in table 10

are for materials only; however, other packaging costs such as labor and power are accounted for in the other components.

Rail and Truck Transportation: The cost of shipping farm food products by truck and rail was \$6.0 billion in 1971, not including intracity truck transportation or air and water transportation. This was \$800 million, or 15 percent, higher than in 1970. Transportation costs accounted for 7.9 percent of the total marketing bill in 1971, compared with 7.3 percent in 1970 and 9 percent in 1960.

About three-fourths of the large increase in transportation costs in 1971 resulted from rate increases. Increased volume of U.S. farm foods marketed accounted for the remainder. Railroads were authorized by the Interstate Commerce Commission (Ex Parte 265), to increase rates 5 percent in June 1970 and 1 percent in November 1970. In Ex Parte 267, rate increases of 6 percent in November 1970 and 6-8 percent in April 1971 were authorized. These increases raised annual average rates in 1971 significantly from rates in 1970. Average rates were higher in 1971 than in 1970 for each of the several commodities included in the rail freight rate index series for domestic foods.

Rail freight rates are expected to rise further in 1972, reflecting the full effect of the April 1971 increases and a 2.5-percent rate surcharge authorized in February 1972. However, it appears that average rail rate increases in 1972 will not be as large as in 1970 and 1971.

Regulated truckers also increased rates several times in 1970 and 1971. However, because of the large number of rate-making units operating in the trucking sector and the lack of coordination of rate proposals among the units, it is not feasible to generalize about increases in truck rates. Moreover, truck rates for unmanufactured agricultural products are not regulated, so information about charges in this sector is not available.

Capital Costs: Capital costs, which include depreciation, rent, and interest, totaled \$5.6 billion in 1971, slightly over 7 percent of the total food marketing bill. These costs rose nearly 4 percent in 1971, about the same as in other recent years. Interest rates on long-term bonds (Moody's Aaa), an indicator of the cost of new long-term credit, decreased from 8.0 percent in 1970 to 7.4 percent in 1971, reversing several years of rising money costs to marketing firms for financing new plant and equipment. The E.H. Boeckh Index of commercial and factory building costs increased 8.8 percent from 1970 to 1971. Rising construction costs increased depreciation costs and commercial rental rates for food marketing firms. The changes in accelerated depreciation rules will be fully effective in 1972.

Advertising: Expenditures for advertising amounted to 2 cents of each food dollar in 1971, about the same as other recent years. Advertising for farm food in 1971 totaled \$2.2 billion, up 4.8 percent from 1970. Food processors account for roughly half of the total

Table 11.--Indexes of labor cost for marketing farm-food products, 1960-71

Year	Total labor cost	Hourly labor cost <u>1/</u>	Unit labor cost <u>2/</u>	Volume of farm-food marketed
:	:	:	:	:
1960	74	74	85	87
1961	75	77	85	88
1962	79	82	88	90
1963	81	85	89	92
1964	84	87	88	96
1965	89	90	93	96
1966	95	95	97	98
1967	100	100	100	100
1968	109	107	106	102
1969	117	114	113	103
1970	128	123	118	105
1971 <u>3/</u>	137	129	122	108
:	:	:	:	:

1/ Hourly labor cost derived by dividing total labor cost (table 10) by total man-hours worked.

2/ Unit labor cost is the quotient of the indexes of total labor cost and volume of farm-food products marketed to civilian consumers. The index of farm-food products marketed is constructed by weighting the quantities consumed on a retail weight basis by 1957-59 average retail prices.

3/ Preliminary.

advertising expenditures for farm foods. In 1971, expenditures for television advertising were 3 times greater than print media advertising. Fifteen years ago, expenditures to advertise farm foods were roughly equal in both media. Food advertising has continued to increase during changes in business activity, contrary to advertising for all products, which softened in 1970 but began to strengthen in 1971.

Corporate Profits: Corporations derived \$4.4 billion in profits before Federal income taxes from marketing farm food products in 1971—slightly lower than 1970. Although sales were greater, profit rates of corporations declined. After-tax profits amounted to one-half of the before-tax profits in 1971.

Corporate profits amounted to 5.8 percent of the marketing bill in 1971, down from 6.3 percent in 1970. While profits are a relatively small proportion of the marketing bill, they exceed many cost components of the bill such as depreciation, advertising, and rent.

Business Taxes: In 1971 business taxes totaled \$3.0 billion—up 3.4 percent from 1970. Business taxes have more than doubled in the last 10 years. Social Security payments have risen as result of increases in rates and the maximum taxable income. Both State and local tax rates have risen sharply in recent years.

Other Costs: “Other costs,” the residual component of the marketing bill, includes the costs of many goods and services, including institutional feeding costs, utilities, fuel, insurance, and professional services.

Estimates of the At-Home and Away From Home Marketing Bill

Estimates are being published for the first time for expenditures, marketing bill, and farm value for U.S. farm foods consumed at-home and away from home for 1963-71. These estimates are preliminary and may be revised when other source data are available. The methods and procedures used in making the estimates will be published at a later date. The basic data used to estimate the away-from-home marketing bill were obtained from surveys of the foodservice industry conducted by USDA with industry support in 1966 and 1969.² The survey data provided benchmarks of the quantities of foods served and sales in the away-from-home market.

Expenditures: Consumer expenditures for food at home were \$77.4 billion in 1971. Consumer expenditures for food consumed away from home were \$33.7 billion in 1971, or 30.3 percent of total U.S. farm food expenditures (table 12). Food consumed away from home accounted for 25 percent of total expenditures in 1963, emphasizing the dramatic growth of away-from-home eating.

²Van Dress, Michael G. and William H. Freund, *The Food Service Industry: Its Structure and Characteristics, 1966*, Stat. Bul. 416, Econ. Res. Serv., U.S. Dept. Agr., 1966; Van Dress, Michael G.; *The Foodservice Industry: Type, Quantity, and Value of Foods Used*, Stat. Bul. 476, Econ. Res. Serv., U.S. Dep't. of Agr., 1969.

Away-from-home eating is composed of 2 major submarkets—public eating places and institutions. Public eating places include restaurants, cafeterias, snack bars, vending machine outlets, etc., that are primarily operated for profit. They account for \$25 billion of farm food expenditures. Public eating-place expenditures are 74 percent of the \$33.7 billion away-from-home market. Public eating places enjoyed a higher growth rate from 1963-71 than food stores, a prime reason for the increased share of total expenditures going to the away-from-home market. Gross sales of eating and drinking places indicated that eating out accelerated after 1962.

Institutions grew at an even faster growth rate than public eating places. Institutions, including schools, colleges, hospitals, rest and nursing homes, and airlines, served food valued at \$8.7 billion in 1971, accounting for almost 8 percent of total farm food expenditures.

Marketing Bill

The marketing bill for at-home eating is smaller relative to consumer expenditures than that for the away-from-home marketing bill. The at-home marketing bill amounted to \$48.8 billion in 1971, 63 percent of consumer expenditures for food bought for use at home. In contrast, the away-from-home bill of \$26.5 billion accounted for 79 percent of away-from-home expenditures for food in 1971. This reflects the added cost of preparing and serving food consumed away from home. Public eating places incurred marketing costs of \$19.4 billion, and institutions, \$7.1 billion in 1971.

Farm Value: The at-home market represented four-fifths of total U.S. farm value, while public eating places claimed another 15.6 percent, and institutions, 4.4 percent. However, the farm value of food consumed away from home increased 75 percent in 1963-71, reflecting the more rapid growth of this market. At-home farm value increased less than 50 percent in this period.

Commodity Use: In 1971, meat products were the largest expenditures group both at home and away from home (table 13). Estimates for other years are being studied. Meat represented a larger proportion of food consumed away from home than food used at home. Meat expenditures were 39 percent of away-from-home and 25 percent of at-home expenditures.

Fruits and vegetables rank second in expenditures and costs of marketing foods in the away-from-home market. For the at-home market, the marketing bill for fruits and vegetables exceeds all other food groups. The importance of various food groups between the at-home and away-from-home markets differs primarily because of the relative importance of different meals. Breakfasts and dinners make up a larger proportion of meals served at home than of meals served in restaurants. The away-from-home market serves a higher proportion of lunches. Fruits and vegetables are served more often with full meals than with sandwich-type lunches.

Table 12.--Consumer expenditures, marketing bill, and farm value, for U.S. farm foods, at-home and away-from-home, 1963-1971 1/

Year	Total	At-home 2/	Away-from-home				
			Total	Public eating: places 3/	Institutions 4/		
:							
<u>Billion dollars</u>							
<u>Consumer expenditures</u>							
1963	74.0	56.0	18.0	14.0	4.0		
1964	77.5	58.5	19.0	14.8	4.2		
1965	81.1	60.2	20.9	16.1	4.8		
1966	86.9	64.0	22.9	17.8	5.1		
1967	89.2	64.2	25.0	19.4	5.6		
1968	93.9	67.4	26.5	20.5	6.0		
1969	98.8	70.4	28.4	21.9	6.5		
1970	105.9	74.6	31.3	23.8	7.5		
1971	111.1	77.4	33.7	25.0	8.7		
<u>Marketing bill</u>							
1963	49.9	35.9	14.0	10.9	3.1		
1964	52.6	37.8	14.8	11.6	3.2		
1965	54.0	38.1	15.9	12.3	3.6		
1966	57.1	39.8	17.3	13.5	3.8		
1967	60.4	40.8	19.6	15.2	4.4		
1968	63.5	42.7	20.8	16.1	4.7		
1969	65.1	43.1	22.0	17.0	5.0		
1970	71.1	46.5	24.6	18.7	5.9		
1971	75.3	48.8	26.5	19.4	7.1		
<u>Farm value</u>							
1963	24.1	20.1	4.0	3.1	0.9		
1964	29.9	20.7	4.2	3.2	1.0		
1965	27.1	22.1	5.0	3.8	1.2		
1966	29.8	24.2	5.6	4.3	1.3		
1967	28.8	23.4	5.4	4.2	1.2		
1968	30.4	24.7	5.7	4.4	1.3		
1969	33.7	27.3	6.4	4.9	1.5		
1970	34.8	28.1	6.7	5.1	1.6		
1971	35.8	28.6	7.2	5.6	1.6		

1/ Preliminary estimates for at-home and away-from-home.

2/ At-home is food consumed from the home food supply (primarily purchased from retail food stores).

3/ Includes restaurants, cafeterias, snack bars, etc.

4/ Includes value of food served in hospitals, schools, colleges, rest and nursing homes, etc.

Table 13.--Consumer expenditures, marketing bill, and farm value for at-home and away-from-home consumption, by commodity group, 1971 1/

Commodity	Away-from-home 2/				
	: Public :				
	Total	At-home	Total	eating	Institutions
				: places :	
<u>Million dollars</u>					
<u>Consumer expenditures</u>					
Meat	32,478	19,328	13,150	10,155	2,995
Poultry products	8,337	5,896	2,441	1,712	729
Dairy products	16,827	12,186	4,641	3,038	1,603
Fruits and vegetables ..	23,381	17,555	5,826	3,983	1,843
Grain mill products	3,237	2,627	610	368	242
Bakery products	11,512	8,085	3,427	2,769	658
Miscellaneous	15,305	11,684	3,621	2,971	650
Total	111,077	77,361	33,716	24,996	8,720
<u>Marketing bill</u>					
Meat	18,196	8,724	9,472	7,090	2,382
Poultry products	4,591	2,585	2,006	1,359	647
Dairy products	10,038	6,463	3,575	2,290	1,285
Fruits and vegetables ..	18,047	13,592	4,455	3,039	1,416
Grain mill products	2,675	2,101	574	343	231
Bakery products	9,940	6,737	3,203	2,587	616
Miscellaneous	11,805	8,549	3,256	2,672	584
Total	75,292	48,751	26,541	19,380	7,161
<u>Farm value</u>					
Meat	14,282	10,604	3,678	3,065	613
Poultry products	3,746	3,311	435	353	82
Dairy products	6,789	5,723	1,066	748	318
Fruits and vegetables ..	5,334	3,963	1,371	944	427
Grain mill products	562	526	36	25	11
Bakery products	1,572	1,348	224	182	42
Miscellaneous	3,500	3,135	365	299	66
Total	35,785	28,610	7,175	5,616	1,559

1/ Preliminary estimates.

2/ See table 12 for description of away-from-home consumption.

There are differences in the commodity mix within the away-from-home market. Meat accounts for a larger share of food consumed in public eating places than in institutions. The opposite is true of fruits and vegetables, as they are more important in institutions. Again, difference in the proportion of types of meals served is the prime reason for the differences and relative costs.

Other commodity groups such as poultry, bakery, dairy, grain mill, and miscellaneous products vary less between markets. Dairy and miscellaneous products rank

third and fourth with respect to consumer expenditures and the marketing bill in all markets.

Marketing Bill for Marketing Agencies

Marketing agencies perform the functions of processing, transporting, wholesaling, and distributing food products. Allocation of the marketing bill among marketing agencies is shown in table 14 for 3 Census years. Between 1963 and 1967, the eating places and

Table 14.--Marketing bill for farm foods, by marketing agency, 1958, 1963 and 1967

Marketing bill	:	1958		:	1963		:	1967	
	:	Mil.	Mil.		Mil.	Mil.	:	(Preliminary)	
	:	dol.	Pct.		dol.	Pct.		dol.	Pct.
Total	:	39,549	100.0		49,896	100.0		60,411	100.0
Eating places and institutions <u>1/</u>	:	7,946	20.1		9,808	19.7		12,541	20.8
Retailers <u>1/</u>	:	8,648	21.9		14,327	28.7		16,698	27.6
Wholesalers and assemblers <u>2/</u>	:	5,211	13.2		5,999	12.0		7,612	12.6
Processors <u>2/</u>	:	17,744	44.8		19,762	39.6		23,560	39.0

1/ Includes distribution costs and profits incurred directly by these agencies. Market bills by market channel, i.e., food at-home and away from home combine all agency bills for food moving through each channel.

2/ Includes common carrier transportation costs borne by the wholesaler or processor.

institutional agency marketing bill, consisting of the costs of serving food in schools, colleges, hospitals, and public eating places increased about 28 percent compared with an increase of 16 percent in the agency marketing bill for food-store retailing. This contrasted with the 1958-63 period when the eating place and institutional bill grew at a slower rate than the retail food-store bill.

The total agency marketing bill for wholesalers and assemblers rose at about the same rate as the away-from-home food market. The wholesaler's sales to the away-from-home market actually increased faster than the growth in the eating place-institutional bill due to a combination of events. From 1963 to 1967, wholesalers shifted sales from the home market to the away-from-home market as away-from-home eating places used more of such processed food products such as dehydrated potatoes. At the same time franchised eating places expanded, limiting the growth in the eating-place agency bill. Other eating places and

institutions shifted part of their food preparation function back to the wholesale and processing levels.

Sales of public eating and drinking places indicate that the eating place-institutional market is continuing to grow at the 1963-67 pace. This growth would imply that the wholesale and assembly marketing bill will continue to grow, but at a slower rate due to further integration of the retail and wholesale function by retail stores and some eating-place franchise chains.

The retail marketing bill increased most during the 1958-63 period, reflecting in part the widespread use of trading stamps and other promotional activities during this period. Retailer's agency bill grew at a slower pace from 1963 to 1967 as away-from-home eating accelerated.

The processing agency bill, the largest proportion of the total food marketing bill, rose 19 percent from 1963 to 1967. More convenience foods coupled with new forms of storage of foods such as frozen and freeze-dried foods enhanced the demand for processors' services.

Cattle Hides and Shoe Prices

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Abstract: Cattle hide prices more than doubled between August 1971 and June 1972. To restrain the impact on retail shoe prices, the U.S. Government imposed strict regulations on tanner, shoe-maker, and retailer markups and invoked cattle hide export limits. Data on leather tanning and the cost of manufacturing men's oxford shoes indicate a hide price change of 1 cent per pound increases side-upper shoe leather material costs 1.46 cents per square foot. Therefore the recent sharp hide price increase would have increased the cost of leather in a pair of men's oxford shoes by 66 to 75 cents, or 5-7 percent of factory selling prices.

Key Words: Cattle hides, leather tanning, shoe manufacturing, marketing spreads.

Domestic cattle hide prices more than doubled between August 1971 and June 1972. Continued strong world demand for leather, a sharp drop in Argentina's exports, and discontinued U.S. production of 2 major synthetic substitutes in 1971 caused prices of cattle hides to rise to historic highs. Since August 1971 retail shoe prices have been constrained under the Economic Stabilization Act (wage-price freeze). This Act put constraints on margins for tanneries, shoe manufacturers, and retailers. Then on July 15, 1972, cattle hide export controls were established under authority of the Export Administration Act of 1969 in a further effort to ease the pressure on prices of domestic leather and shoes.

To examine the effects of changes in cattle hide prices on shoe costs, this article traces the marketing system for cattle hides from slaughter plant to retail shoe store, using 2 price lines of men's oxford-style shoes. Data were obtained in June 1972 from 4 hide processors, 5 tanneries, 6 shoe manufacturers, and several trade associations. Where possible, the data are compared with those published in 1964¹.

Hide Processing

Hide processing, the first stage in the cattle hide market system, converts fresh hide to a brined, trimmed, fleshed, sorted, and graded product for sale to tanneries. Since 1964, brine curing in highly mechanized facilities "on stream" or near slaughter plants has replaced more expensive dry salting, as well as fleshing at many tanneries, lowering the cost of processing hides. Between 1964 and 1972, hide processing costs declined from 5.3 cents per pound to 2.6 cents, brined, fleshed, and trimmed basis (table 15). Brine curing costs currently represent only 7 percent of the market value of cured hide sold to tanneries, compared with 28 percent in 1964.

According to hide processors, a typical fresh hide from fattened beef cattle that weights 75 pounds yields 48 pounds brine cured. The April-June 1972 market value of the cured hide was 39.2 cents per pound. Fresh hide value, the residual after subtracting the cost of curing, was 36.6 cents per pound of cured hide or 23.5 cents a pound fresh. Hides from older and leaner cattle and culs yield more but have a lower market value because of higher percentages of defects.

Tanning Side-Upper Leather from Cattle Hide

According to tanners visited in June 1972, hide raw material costs amounted to about 60 percent (49 cents) of the total value of 81 cents per square foot of tanned leather, up from 40 percent 2 years ago and 50 percent in 1964. Monthly average prices of salted hide (Heavy Native Steer-Packer Hide) ranged from a low of 10.6 cents a pound in December 1970 to a high of 28.5 cents a pound in June 1972. In 1964, prices averaged 10.3 cents per pound².

Tannery operating costs per square foot of leather rose only 7 cents (28 percent) between 1964 and 1972, mainly due to major capital improvements in automated equipment and process innovations. The upward shift in overhead expenses from about 8.3 to 13 cents a foot (table 16) was mostly caused by higher equipment costs per unit of leather produced. Overall, however, tannery labor costs have been kept low by improved productivity.

In 1972 tanners report that most leather is sold according to customer specified finishes, colors, and coatings. The cost of these special finishes (3-17 cents a

¹ Thompson, John W., "Marketing Spreads for Leather Products," *Marketing and Transportation Situation*, February 1965.

² From Pratt's Daily Hide and Leather Bulletin, Chicago, Ill.

Table 15.--Value of cattle hides from processing, 1964 and 1972

Item	Value		Share of cured hide value		Change--
	1964	June 1972	1964	June 1972	1964 to 1972
Cured hide	18.8	<u>1/</u> 39.2	100	100	109
Hide curing charge <u>2/</u> ...	5.3	2.6	28	7	-51
Fresh hide	13.5	<u>3/</u> 36.6	72	93	171

1/ Brine cured, fleshed, and trimmed based on April-June 1972 average Packer HNS & LNC salted hide prices, Chicago, (61.5 pounds of salted hide at 30.6 cents a pound adjusted for salt, fleshing, trimming and sorting to 48 pounds of brine cured hide).

2/ Per pound of cured hide. Includes hide delivery, operating costs of brine cure, fleshing, trimming, sorting, and grading, plus profit.

3/ Value of 1.56 pounds of fresh hide needed to make 1 pound of cured hide.

Table 16.--Tanning costs for side-upper cattle hide leather per square foot, 1964 and 1972

Item	1964		1972		Change--
	Share of		Share of		1964 to
	Cost	leather	Cost	leather	1972
	: price	:	: price	:	
Hide acquisition					
Cured hide <u>1/</u>	22.56	45	47.04	58	109
Brokerage	2.44	---	.60	---	---
Freight			<u>1.50</u>	---	---
Total	<u>25.00</u>	<u>50</u>	<u>49.14</u>	<u>61</u>	<u>97</u>
Tannery operations					
Materials	<u>3/</u>	---	10.50	13	---
Labor	<u>3/</u>	---	8.50	10	---
Overhead, selling cost and profit	<u>3/</u>	---	<u>13.00</u>	<u>16</u>	---
Total	<u>25.00</u>	<u>50</u>	<u>32.00</u>	<u>39</u>	<u>28</u>
Price of Leather (TR) <u>2/</u> ...	50.00	100	81.14	100	63

1/ Cost of 1.2 lbs. of brine-cured, trimmed, and fleshed hide at 39.2 cents a pound (Table 15).

2/ TR leather = Tannery run mixture of Grades 1, 2 and 3 side-upper leather.

3/ Reported to be about one-third of total tannery operating costs.

square foot) is added to the price of basic (TR) leather. Customer specified finishes have raised prices of side-upper leather to shoe manufacturers more than any other factor except higher hide prices. Custom processed leather accounts for 60-80 percent of tannery sales, compared with under 25 percent in past years.

Shoe Manufacturing

Cost-components in table 17 are groupings of costs incurred by shoe manufacturers in making 2 styles of men's oxford shoes. One style, composite A, is a typical medium-priced casual shoe; the other, composite B, is a higher-priced traditional dress shoe. Over 1 million square feet of leather per year are used to make each style of shoe included in the composites. Manufacturers paid more for every component used in composite B shoe than for like components of the lower priced composite A shoe (table 17). Labor costs were higher for composite B because of greater skill and time required. Cutting and assembly of fewer parts as well as cementing instead of sewing soles to uppers made labor costs for casual composite A lower than for composite B. Selling costs (salesmen and salesroom activities) are 15-20 percent of factory selling prices, and account for more than half of the overhead and selling-cost component. Profit is "targeted" at 10 percent of selling prices. Since operating costs for these components are percentages of factory selling prices, they are higher for B than A.

The quantity and cost of side-upper and other leather used in shoes varies by styles, construction, design, size of components in sides and uppers, and the price per foot of leather. Even in the same type shoe, such as men's oxfords, these variations affect costs of leather per pair. In the examples shown, more parts from side-upper are used in the dress shoe than the casual shoe because of the difference in style and construction. Using prices of side-upper leather bought by shoe manufacturers from tanners 3 to 5 months earlier, leather costs amounted to \$2.03 for composite A shoes and \$2.56 for composite B shoes.

The time lag between hide and leather price changes and shoe price adjustments caused current factory prices

of shoes (table 17) to be lower than if current tannery prices for leather shown in table 16 had been used. On the basis of current side-upper leather prices from tanners, (81 cents per square foot), the factory outturn price of composite A would be \$10.38, or 48 cents more a pair. Composite B, which uses more side-upper leather of a higher quality and more finishing than composite A, would range from \$16.44 to \$16.78 (up 21 to 55 cents) a pair, if side-upper leathers ranging from 81 cents to 91 cents per square foot were used. These cost increases for shoes from higher leather prices will also cause higher operating costs due to the percentage markup effects on selling costs and profits, or another 5-14 cents a pair. Current higher prices of leather will be reflected in shoe prices for Spring 1973.

Retailing

Shoes are distributed by independent shoe retailers and through retail outlets owned by shoe manufacturers. The margin for retailing shoes, including delivery from factory, was reported in 1964 as 44.7 percent of the retail price. For 1972, the independent retailer's trade association reports that 50 percent is the regular retail margin. On this basis shoe A would retail for \$19.80 a pair and B at \$32.46.

However, under Price Commission regulations, retail firms that retail shoes and employ more than 60 persons, are not permitted to mark up retail prices of shoes on a fixed percentage basis. They can only raise shoe prices on a dollar-for-dollar, pass-through basis of costs from manufacturers or importers. For example, increased domestic prices of hides reflected in higher leather costs can be passed along in prices of shoes without constraint.

A price change of 1 cent per pound in cattle hide caused a corresponding change of 1.46 cents per square foot of side-upper leather. In the men's oxford examples, a change of 15 cents per pound in cattle hide prices (double the August 1971 price) would cause a materials cost increase of 66 cents a pair for composite A shoes and 75 cents for composite B shoes, or about 7 and 5 percent, respectively, of factory selling prices.

Table 17.--Manufacturing costs per pair of typical men's oxford shoes, June 1972

Item	Unit	Shoe styles	
		Composite A 1/	Composite B 2/
<u>Operating costs:</u>	:	:	
Labor	Dollars:	2.21	2.76
Overhead & selling	do. :	2.39	5.49
Profit	do. :	.88	1.57
Total	do. :	5.48	9.82
	:	:	
<u>Materials:</u>	:	:	
Side-upper leather	:		
footage 3/	Sq. ft.:	3.04	3.42
price per square foot 4/ ...	Cents :	67	75
cost per pair	Dollars:	2.03	2.56
	:	:	
<u>Other parts: 5/</u>	:	:	
Mainly leather	Dollars:	1.39	1.82
Mainly non-leather	do. :	1.00	2.03
Total	do. :	2.39	3.85
	:	:	
Factory selling price	do. :	9.90	16.23
	:	:	

1/ Average of 4 men's oxford casual or street wear shoe styles. Such shoes usually have some cement construction, partial linings, soft (smooth or sueded) leather uppers, and non-leather soles and heels.

2/ Average of 3 large-volume oxford-type men's dress shoe styles. These shoes have machine stitched seams, full linings, welted leather soles and heels, and full-grained, high quality, side-upper leather.

3/ Square feet of side-upper leather used per pair, including cutting waste. A and B include some side-upper leather usage in linings and tongues.

4/ Average inventory costs per square foot of side-upper leather reported by shoe manufacturers. (Prices reported represent costs of leather to make shoes for fall 1972.) Leather used in A ranged from 57 to 76 cents a square foot; B, from 70 to 81 cents.

5/ Includes all other material costs. In shoes, principal parts other than side-uppers are soles, heels, linings, tongues, innersoles, hardware, adhesives, and laces. Material costs for sale preparation include box, labels and tags, and the shipping container.

Retail Egg and Poultry Prices By Type of Store

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Abstract: Prices of poultry and eggs are analyzed for three types of stores in 14 cities. In most cities, egg and poultry prices were lowest in chain stores. Prices were generally highest in small independent stores. Prices varied widely among cities.

Key Words: - Poultry, Eggs, Retail, Prices, Stores

Retail prices of Grade A large eggs, frying chickens, and medium turkeys in 14 cities averaged lowest in large chain stores, followed by large independents, for the July 1968-December 1971 period. All 3 products were priced highest in small independent stores, but there were many exceptions to this general pattern among cities and the 3 commodities.

This article summarizes Bureau of Labor Statistics (BLS) prices for the last month of each quarter, by type of store, in 14 major cities during July 1968-December 1971. Data were analyzed to determine whether average retail prices of poultry and eggs differed by store type. Prices are shown for chain stores, large independent stores, and small stores. The composite weighted average price for all stores for each city is also shown for comparison.

Grade A Large Eggs

In most cities, egg prices were usually lower in the chain stores than in large or small independent stores (table 18). But in New York City the average price of eggs was lower in the large independent stores than in the chain stores. In all cities, however, the price of eggs was highest in the small independent stores.

During the survey period the lowest composite average BLS price among the 14 cities was 48.8 cents per dozen for San Francisco. Chain stores averaged 46.5 cents, large independent stores, 49.5 cents and small independents, 56.5 cents. The highest average composite price for eggs was 67.3 cents per dozen in Boston. Prices in small independent Boston stores average at 74.8 cents, compared with 67.2 cents for large independent stores and 65.1 cents for chain stores.

Frying Chickens

In 8 cities prices of fryers averaged lowest in the chain stores (table 19). However, in 3 cities large

independent stores priced frying chickens lower than the chain stores and in 2 cities, Chicago and St. Louis, prices of frying chickens averaged lowest in small independent stores. These data indicate that prices of frying chickens are not as closely related to store type as prices of eggs and turkeys.

Despite the proximity of several other cities to major broiler-producing areas in the South, Denver had the lowest composite average BLS price for broilers, primarily because it had the lowest average chain-store price in the survey. The 2 cities with the highest composite average prices—Seattle and Boston—are furthest removed from Southern broiler States. In these cities, chain store prices averaged well above those for the other 12 cities.

8-16 Pound Turkeys

Except for the 4-8 pound fryer-roaster, the bulk of turkeys are marketed during the last 3 months of the year. The most popular size of turkey, 8-16 pounds (medium size), along with 16-24 pound birds, are widely featured during the Thanksgiving and Christmas season. In 11 of the 14 cities, 8-16 pound turkeys sold at a lower average price in the chain stores than in either the large or small independent stores (table 20). In 2 cities, Boston and Denver, average prices were lowest in large independent stores while in St. Louis the average price for 8-16 pound turkeys was lowest in the small independent stores. Highest prices for turkeys were charged by small independent stores in 10 of the 14 cities and in 4 cities the large independents charged the highest price for turkeys. Among the 14 cities, composite average prices for medium turkeys were comparatively high in New York, Cleveland, Baltimore, and Washington. Prices were noticeably lower in many of the cities closer to major producing areas.

Table 18.--Retail prices of Grade A large eggs, by type of store, 14 major cities, average of selected months 1968-71 1/

City	Average prices			Average of BLS published prices	
	Independent stores		Large		
	Chain stores	Small			
----- Cents per dozen -----					
Atlanta	55.8	60.4	64.5	58.1	
Baltimore	58.8	64.3	66.4	61.2	
Boston	65.1	67.2	74.8	67.3	
Chicago	58.1	59.0	61.7	58.9	
Cleveland	2/	2/	2/	62.4	
Denver	53.3	56.1	58.1	54.1	
Houston	57.4	59.0	60.0	58.6	
Los Angeles	51.4	52.5	58.4	52.4	
Minneapolis	50.4	53.5	57.2	52.4	
New York	62.8	62.1	67.6	63.7	
St. Louis	55.5	57.6	60.2	57.1	
San Francisco	46.5	49.5	56.5	48.8	
Seattle	49.5	53.4	56.2	51.8	
Washington	58.2	66.3	73.4	60.2	
All-city average ...	55.6	58.5	62.7	57.6	

1/ Prices for March, June, September, and December.

2/ Insufficient number of quotations.

Table 19.--Retail prices of frying chicken, by type of store, 14 major cities, average of selected months 1968-71 1/

City	Average prices			Average of BLS published prices	
	Independent stores		Large		
	Chain stores	Small			
----- Cents per pound -----					
Atlanta	38.6	40.9	43.0	39.7	
Baltimore	37.7	45.7	43.5	41.1	
Boston	50.1	47.4	48.4	48.8	
Chicago	40.5	40.6	40.2	40.4	
Cleveland	39.9	40.7	44.3	41.8	
Denver	29.7	36.3	36.3	32.1	
Houston	36.1	34.7	37.4	36.0	
Los Angeles	37.1	43.6	45.9	40.4	
Minneapolis	40.0	41.8	43.8	41.7	
New York	44.2	46.0	48.9	46.8	
St. Louis	43.2	44.2	42.2	43.2	
San Francisco	39.6	48.6	50.0	46.2	
Seattle	51.0	50.7	54.6	51.7	
Washington	36.0	43.5	49.1	38.5	
All-city average ...	40.1	43.2	44.8	42.1	

1/ Prices for March, June, September, and December.

Table 20.--Retail prices of medium turkeys (8-16 pounds), by type of store, 14 major cities, average of selected months 1968-71 1/

City	Average prices			Average of BLS published prices	
	Independent stores				
	Chain stores	Large	Small		
	: Large	: Small	: prices		
<u>Cents per pound</u>					
Atlanta	48.9	54.2	51.7	50.0	
Baltimore	51.5	58.9	53.3	54.1	
Boston	51.7	51.5	54.7	52.5	
Chicago	49.8	50.6	53.9	51.2	
Cleveland	54.6	55.5	56.5	55.3	
Denver	49.1	48.4	53.7	50.5	
Houston	48.6	51.7	52.3	50.0	
Los Angeles	49.9	52.7	55.3	51.9	
Minneapolis	47.0	49.4	48.7	48.1	
New York	53.9	57.4	58.3	56.8	
St. Louis	50.6	50.9	49.5	50.1	
San Francisco	44.9	54.1	59.0	52.6	
Seattle	48.2	49.8	52.4	49.5	
Washington	53.1	56.5	61.9	54.8	
All-city average ...	50.1	53.0	54.4	52.0	
:					

1/ Prices for March, June, September, and December.

SELECTED NEW PUBLICATIONS

1. "Contract Production and Vertical Integration in Farming 1960 and 1970", U.S. Dept. of Agr., Econ. Res. Ser., ERS-479, April 1972.

Aggregate changes in forms of vertical coordination in agriculture proceed slowly even when striking changes occur in individual farm commodities. Judgment estimates of the proportion of total farm production under some form of either contracting or vertical integration show an increase from about 19 to 22 percent of all farm output from 1960 to 1970, a shift of 3 percentage points. More increase in these forms of coordination took place in livestock than in crop products, especially in fed cattle, eggs, and turkeys.

2. "Pricing Performance In Marketing Fresh Winter Lettuce," U.S. Dept. of Agr., Econ. Res. Ser., MRR-956, May 1972.

Price analysis was used to determine if the behavior of weekly lettuce prices at shipping points and wholesale terminal markets is generally consistent with a competitive marketing system. Results indicated that the winter lettuce market in 1966-68 performed in an orderly and competitive manner. Prices at different locations were established that were consistent with marketing costs--transportation, storage, and handling.

3. "Distribution Patterns for U.S. Rice, 1969-70," U.S. Dept. of Agr., Econ. Res. Ser., ERS-484, May 1972.

This report summarizes rice distribution data for the 1969-70 marketing year, collected by a mail survey of all known rice milling and repackaging firms in the United States. The report utilizes data from previous such studies in making comparisons with other years more particularly 1966-67. Data shown include amounts of rice distributed for direct food use by States, regions, and territories, broken down by size of package, type of grain, and specialty rice. Quantities of rice shipped to processors for use in principal products are shown, as well as trends in domestic distribution and use of rice and their relationship to certain factors. Government distribution to both civilian and military populations is shown.

4. "An Interindustry Analysis of Grain Production And Processing Implications of Expanding Markets," U.S. Dept. of Agr., Econ. Res. Ser., MRR-962, June 1972.

A 65-sector input-output model describing the U.S. economy in 1967 provides the basic framework for this study. Grain producing and processing industries are analyzed in terms of their output levels and input structures in interaction with each other and with other sectors of the economy. Results reveal that the grain sectors are significantly economically interdependent.

5. "Base Plans in U.S. Milk Markets: Development, Status, and Potential," U.S. Dept. of Agr., Econ. Res. Ser., MRR-957, June 1972.

Development of base plans in U.S. milk markets is discussed, as are the history of enabling legislation which provides for Class I base plans in Federal order markets and the extent of Class I base plan implementation in Federal orders. Also examined is the impact of various base plans on milk supply response and their potential as supply control systems. Problems are identified that are likely to arise if base plans are used to control milk supplies effectively.

: Unless otherwise indicated, items listed are :
: Economic Research Service publications and single :
: copies may be obtained free from the Division of :
: Information, Office of Management Services, U.S. :
: Department of Agriculture, Washington, D.C. 20250 :
:

Table 21.--The market basket of farm foods by product group: Retail cost, farm value, farm-retail spread, and farmer's share of retail cost, quarterly 1971 and 1972

Item	1971		1972		
	II	III	IV	I	
	<u>Dollars</u>				
<u>Retail cost</u>					
Market basket	1244.31	1260.01	1252.48	1287.52	1290.27
Meat	372.40	380.56	382.67	411.52	413.56
Dairy	223.86	225.42	225.47	227.10	227.80
Poultry	49.92	51.34	49.41	50.35	49.56
Eggs	36.87	37.13	37.52	37.06	34.92
Bakery and cereal:					
All ingredients	192.31	192.74	190.92	191.19	191.51
Grain	---	---	---	---	---
Fresh fruits	56.03	62.14	53.34	53.04	56.33
Fresh vegetables	87.97	82.48	84.17	87.30	86.15
Proc. fruits and veg.	123.70	125.95	126.12	126.73	126.98
Fats and oils	44.17	44.78	45.32	45.41	45.22
Miscellaneous	57.08	57.47	57.54	57.83	58.24
<u>Farm value</u>					
Market basket	474.36	481.52	483.70	508.98	512.75
Meat	201.16	210.60	214.97	238.67	243.63
Dairy	105.49	104.97	105.75	107.83	107.58
Poultry	24.11	25.44	21.64	24.39	23.36
Eggs	20.91	21.18	21.22	20.45	18.04
Bakery and cereal:					
All ingredients	30.61	29.90	29.48	29.73	30.02
Grain	23.11	22.09	21.79	22.23	22.56
Fresh fruits	17.49	18.76	16.68	15.17	16.92
Fresh vegetables	29.33	24.16	28.77	27.26	27.10
Proc. fruits and veg.	22.93	23.11	22.76	23.44	23.80
Fats and oils	13.29	15.12	14.10	13.21	13.58
Miscellaneous	9.05	9.04	9.02	9.00	8.72
<u>Farm-retail spread</u>					
Market basket	769.95	778.49	768.78	778.54	777.52
Meat	171.24	169.96	167.70	172.85	169.93
Dairy	118.37	120.45	119.72	119.27	120.22
Poultry	25.81	25.90	27.77	25.96	26.20
Eggs	15.96	15.95	16.30	16.61	16.88
Bakery and cereal:					
All ingredients	161.70	162.84	161.44	161.46	161.49
Grain	---	---	---	---	---
Fresh fruits	38.54	43.38	36.66	37.87	39.41
Fresh vegetables	58.64	58.32	55.40	60.04	59.05
Proc. fruits and veg.	100.77	102.84	103.36	103.29	103.18
Fats and oils	30.88	29.66	31.22	32.20	31.64
Miscellaneous	48.03	48.43	48.52	49.00	49.52
<u>Farmer's share</u>					
<u>Percent</u>					
Market basket	38	38	39	40	40
Meat	54	55	56	58	59
Dairy	47	47	47	47	47
Poultry	48	50	44	48	47
Eggs	57	57	57	55	52
Bakery and cereal:					
All ingredients	16	15	15	16	16
Grain	12	11	11	12	12
Fresh fruits	31	30	31	29	30
Fresh vegetables	33	29	34	31	31
Proc. fruits and veg.	19	18	18	18	19
Fats and oils	30	34	31	29	30
Miscellaneous	16	16	16	15	15

Table 22.--Farm food products: Retail price, farm value, byproduct allowance, farm-retail spread, and farmer's share of retail price, second quarter 1972

Product	Farm equivalent	Retail unit	Price	Gross farm value	Byproduct allowance	Net farm value 1/	Farm- retail spread	Farmer's share	Percent
									Cents
Beef, Choice grade	2.28 lb. Choice cattle	Pound	112.3	80.6	7.0	73.6	38.7	66	
Lamb, Choice grade	2.43 lb. lamb	Pound	116.4	71.6	7.4	64.2	52.2	55	
Pork	1.97 lb. hog	Pound	79.9	47.7	3.4	44.3	35.6	55	
Butter	Milk for butter	Pound	87.1	113.0	54.5	58.5	28.6	67	
Cheese, American proc.	Milk for American cheese	½ pound	54.1	24.5	.8	23.7	30.4	44	
Ice cream	Cream, milk, and sugar	½ gallon	85.9	--	--	28.8	57.1	34	
Milk, evaporated	Milk for evaporating	14½-ounce can	20.0	9.3	0	9.3	10.7	47	
Milk, fresh:									
Home delivered	4.39 lb. Class I milk	½ gallon	68.9	--	--	30.1	38.8	44	
Sold in stores	4.39 lb. Class I milk	½ gallon	60.0	--	--	30.1	29.9	50	
Chicken, frying	1.41 lb. broiler	Pound	40.7	--	--	19.0	21.7	47	
Turkey	1.28 lb. turkey	Pound	55.2	--	--	27.7	27.5	50	
Eggs, Grade A Large	1.03 dozen	Dozen	48.4	--	--	25.0	23.4	52	
Bread, white:									
All ingredients	U.S. farm ingredients 2/	Pound	24.7	--	--	3.6	21.1	15	
Wheat	.867 lb. wheat 2/	Pound	--	3.0	.4	2.6	--	11	
Bread, whole wheat	.708 lb. wheat 2/	Pound	39.6	2.1	0	2.1	37.4	5	
Cookies, sandwich	.528 lb. wheat 2/	Pound	55.5	--	--	6.5	49.0	12	
Corn flakes	2.87 lb. yellow corn 3/	12 ounces	31.3	5.9	3.9	2.0	29.3	6	
Flour, white	6.85 lb. wheat 2/	5 pounds	59.4	24.0	2.9	21.1	38.3	36	
Rice, long grain	1.59 lb. rough rice	Pound	24.0	8.8	.8	8.0	16.0	33	
Apples	1.04 lb. apples	Pound	24.8	--	--	7.9	16.9	32	
Grapefruit	1.03 grapefruit	Each	17.9	--	--	4.9	13.0	27	
Lemons	1.04 lb. lemons	Pound	34.5	--	--	10.4	24.1	30	
Oranges	1.03 dozen oranges	Dozen	89.9	--	--	19.6	70.3	22	
Cabbage	1.08 lb. cabbage	Pound	14.1	--	--	3.9	10.2	28	
Carrots	1.03 lb. carrots	Pound	21.3	--	--	7.5	13.8	35	
Celery	1.08 lb. celery	Pound	22.4	--	--	5.5	16.9	25	
Cucumbers	1.09 lb. cucumbers	Pound	32.5	--	--	13.4	19.1	41	
Lettuce	1.88 lb. lettuce	Head	31.5	--	--	9.6	21.9	30	
Onions	1.06 lb. onions	Pound	15.6	--	--	5.4	10.2	35	
Peppers, green	1.09 lb. peppers	Pound	63.9	--	--	29.4	34.5	46	
Potatoes	10.42 lb. potatoes	10 pounds	85.6	--	--	21.3	64.3	25	
Tomatoes	1.18 lb. tomatoes	Pound	49.5	--	--	18.1	31.4	37	

Continued--

Table 22.--Farm food products: Retail price, farm value, byproduct allowance, farm-retail spread, and farmer's share of retail price, second quarter 1972--Continued

Product	Farm equivalent	Retail unit	Gross farm value	Byproduct allowance	Net farm value ^{1/}	Farm-retail spread	Farmer's share	Percent
								Cents
Peaches, canned	1.52 lb. Calif. cling	No. 2½ can	37.4	--	--	7.3	30.1	20
Pears, canned	1.81 lb. pears for canning	No. 2½ can	53.1	--	--	8.5	44.6	16
Beets, canned	1.19 lb. beets for canning	No. 303 can	20.5	--	--	1.3	19.2	6
Corn, canned	2.25 lb. sweet corn	No. 303 can	24.5	--	--	2.7	21.8	11
Peas, canned . . . . .	.725 lb. peas for canning	No. 303 can	26.4	--	--	3.9	22.5	15
Tomatoes, canned	1.515 lb. tomatoes for canning	No. 303 can	22.6	--	--	2.7	19.9	12
Lemonade, frozen . . . . .	.834 lb. lemons for processing	6-ounce can	14.3	--	--	3.4	10.9	24
Orange juice, frozen	3.35 lb. oranges	6-ounce can	25.0	--	--	10.7	14.3	43
Potatoes, french fried, frozen	1.41 lb. potatoes	9 ounces	16.6	--	--	2.2	14.4	13
Peas, frozen . . . . .	.68 lb. peas for canning	10 ounces	22.4	--	--	3.6	18.8	16
Beans, dried	1.04 lb. dry beans	Pound	24.6	--	--	11.2	13.4	46
Margarine	Soybeans, cottonseed, and milk	Pound	33.3	26.8	16.7	10.1	23.2	30
Peanut butter	1.21 lb. peanuts	12-ounce jar	50.7	--	--	16.8	33.9	33
Salad and cooking oil	Soybeans, cottonseed, and corn	24-oz. bottle	64.9	48.4	33.1	15.3	49.6	24
Vegetable shortening	Soybeans and cottonseed	3 pounds	97.9	94.0	59.2	34.8	63.1	36
Sugar	Sugar beets and cane	5 pounds	69.6	31.4	1.9	4/29.5	4/40.1	4/42
Spaghetti, canned	Wheat, tomatoes, cheese, and sugar	15½-ounce can	19.2	--	--	2.1	17.1	11

1/ Payment to farmers for equivalent quantities of farm products (gross farm value) minus imputed value of byproducts obtained in processing.

2/ Farm values for wheat products are based on market price of wheat received by farmers plus cost of the marketing certificate to millers. This cost is returned to farmers complying with the Wheat Program.

3/ Farm value based on market price of corn received by farmers; no allowance made for price support payment received by farmers who comply with the Federal Feed Grain Program.

4/ Net farm value including Government payments to producers was 33.3 cents with a farmer's share of 48 percent. Farm-retail spread less Government processor tax was 37.4 cents.

Table 23.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, April-June 1972,
January-March 1972, and April-June 1971

Product 1/	Retail unit	Retail price			Farm value			Farm-retail spread			Farmer's share Percent
		II 1972	I 1972	II 1971	II 1972	I 1972	II 1971	II 1972	I 1971	II 1972	
Beef, Choice	Pound	112.3	114.4	104.8	73.6	73.7	68.2	38.7	40.7	36.6	64 65
Lamb, Choice	Pound	116.4	114.4	108.3	64.2	60.6	60.0	52.2	53.8	48.3	53 55
Pork	Pound	79.9	79.0	68.8	44.3	43.8	30.1	35.6	35.2	38.7	55 44
Butter	Pound	87.1	87.5	87.6	58.5	59.2	58.2	28.6	28.3	29.4	67 68
Cheese, American process	Pound	54.1	53.6	52.7	23.7	23.8	22.9	30.4	29.8	44	44 43
Ice cream	½ gallon	85.9	85.9	84.7	28.8	29.1	28.1	57.1	56.8	56.6	34 33
Milk, evaporated	14½-ounce can	20.0	20.2	19.6	9.3	9.4	9.2	10.7	10.8	10.4	47 47
Milk, fresh:											
Home delivered	½ gallon	68.9	68.5	67.5	30.1	30.0	29.6	38.8	38.5	37.9	44 44
Sold in stores	½ gallon	60.0	59.8	59.0	30.1	30.0	29.6	29.9	29.8	29.4	50 50
Chicken, frying	Pound	40.7	41.4	41.1	19.0	19.9	19.7	21.7	21.5	21.4	47 48
Turkey	Pound	55.2	55.5	53.6	27.7	28.9	27.5	27.5	26.6	26.1	50 51
Eggs, large Grade A	Dozen	48.4	51.4	51.1	25.0	28.4	29.0	23.4	23.0	22.1	52 55
Bread, white:											
All ingredients	Pound	24.7	24.5	24.8	3.6	3.5	3.6	21.1	21.0	21.2	15 15
Wheat	Pound	---	---	---	2.6	2.6	2.7	---	---	---	11 11
Bread, whole wheat	Pound	39.6	39.2	38.6	2.1	3.1	3.2	36.4	36.1	35.4	8 8
Cookies, sandwich	Pound	55.5	55.1	54.8	6.5	6.4	6.5	49.0	48.7	48.3	12 12
Corn flakes	12 ounces	31.3	31.7	34.3	2.0	1.9	2.5	29.3	29.8	31.8	6 6
Flour, white	5 pounds	59.4	59.9	60.3	21.1	20.7	21.6	38.3	39.2	38.7	35 36
Rice, long grain	Pound	24.0	24.1	23.8	8.0	8.1	7.7	16.0	16.0	16.1	33 34
Apples	Pound	24.8	22.2	24.0	7.9	7.0	7.0	16.9	15.2	17.0	32 29
Grapefruit	Each	17.9	16.4	17.7	4.9	3.7	5.1	13.0	12.7	12.6	27 29
Lemons	Pound	34.5	34.4	32.9	10.4	9.3	10.4	24.1	25.1	22.5	30 27
Oranges	Dozen	89.9	91.9	90.6	19.6	20.0	24.4	70.3	71.9	66.2	22 22
Cabbage	Pound	14.1	15.5	14.5	3.9	4.3	5.3	10.2	11.2	9.2	28 37
Carrots	Pound	21.3	22.8	21.6	7.5	8.2	9.2	13.8	14.6	12.4	35 42
Celery	Pound	22.4	28.0	18.4	5.5	9.4	5.3	16.9	18.6	13.1	25 29
Cucumbers	Pound	32.5	32.7	35.8	13.4	14.9	18.2	19.1	17.8	17.6	41 46
Lettuce	Head	31.5	35.8	32.1	9.6	13.5	8.9	21.9	22.3	30	38 28
Onions	Pound	15.6	14.5	14.1	5.4	4.6	4.1	10.2	9.9	10.0	35 32
Peppers, green	Pound	63.9	48.9	78.4	29.4	18.1	35.9	34.5	30.8	42.5	46 46
Potatoes	10 pounds	85.6	83.6	89.1	21.3	19.1	23.4	64.3	64.5	65.7	23 26
Tomatoes	Pound	49.5	46.7	50.2	18.1	14.0	19.5	31.4	32.7	30.7	37 39

Continued--

Table 23.--Farm food products: Retail price, farm value, farm-retail spread, and farmer's share of retail price, April-June 1972,
January-March 1972, and April-June 1971 (continued)

Products	Retail unit	Retail price	Farm value	Farm-retail spread	Farmer's share	
					1972	1971
Cents						
Peaches, canned	No. 2½ can	37.4	36.8	7.3	7.5	30.1
Pears, canned	No. 2½ can	53.1	52.9	8.5	13.1	44.6
Beets, canned	No. 303 can	20.5	20.2	1.3	1.3	19.2
Corn, canned	No. 303 can	24.5	24.7	2.7	2.6	21.8
Peas, canned	No. 303 can	26.4	26.6	3.9	3.9	22.5
Tomatoes, canned	No. 303 can	22.6	22.6	2.7	2.6	19.9
Lemonade, frozen	6-ounce can	14.3	14.4	3.4	3.4	10.9
Orange juice, frozen	6-ounce can	25.0	22.5	10.7	9.5	14.3
Potatoes, french fried, frozen	9 ounces	16.6	16.5	2.2	2.2	14.4
Peas, frozen	10 ounces	22.4	22.2	3.6	3.6	18.8
Beans, dried	Pound	24.6	24.3	11.2	12.3	12.1
Margarine	Pound	33.3	33.2	10.1	9.7	23.2
Peanut butter	12-ounce jar	50.7	50.5	16.8	14.5	33.9
Salad and cooking oil	24-oz. bottle	64.9	65.8	15.3	15.0	49.6
Vegetable shortening	3 pounds	97.9	98.6	34.8	33.7	63.1
Sugar	5 pounds	69.6	69.1	29.5	29.7	40.1
Spaghetti, canned	15½-oz. can	19.2	19.1	2.1	2.1	17.1

1/ Primary products in the farm-food market basket.
2/ Preliminary.

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